

DOCUMENT RESUME

ED 226 632

HE 015 605

AUTHOR File, Wilson, Ed.
TITLE Massachusetts Higher Education in the Eighties: Access and Finance. A White Paper. The Alden Seminars.
INSTITUTION Association of Independent Colleges and Universities of Massachusetts.; Massachusetts Univ., Boston. Center for Studies in Policy and Public Interest.
SPONS AGENCY Alden (George I.) Trust, Worcester, MA.; Ford Foundation, New York, N.Y.
PUB DATE Jun 82
NOTE 80p.; For related documents, see HE 015 603-604.
AVAILABLE FROM University of Massachusetts, Center for Studies in Policy and the Public Interest, The Library Harbor, Campus, Boston, MA 02125.
PUB TYPE Collected Works - Conference Proceedings (021) -- Viewpoints (120)
EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS *Access to Education; Case Studies; Educational Finance; Educational Opportunities; Equal Education; Financial Policy; *Financial Problems; *Government School Relationship; *Higher Education; Position Papers; Public Policy; School Business Relationship; State Government; *Student Financial Aid
IDENTIFIERS *Boston College MA; *Massachusetts

ABSTRACT

Two position papers for the Alden Seminar on Higher Education and an overview of the January 1982 Alden Seminar meeting are presented. The Alden Seminars, which are attended by officers of business and industry and colleges and universities in Massachusetts, provide a forum for the discussion of the current situation in higher education, with particular reference to Massachusetts. Seminar topics included: quality in higher education; access to higher education for nontraditional students, particularly Blacks and Hispanics; and information needs on Massachusetts higher education conditions. In "All But a Privileged Few: The Emerging Financial Aid Crisis," John J. Maguire considers problems in enrollments, quality, and the availability of student financial aid. He cites the case of Boston College and discusses a pricing and financial aid strategy and the role of the State of Massachusetts. In "Equality and the Finance of Higher Education: A 'Possibilist' Perspective," Michael S. McPherson examines the idea of promoting social equity through the finance of higher education. Attention is also directed to sources of discontent with the welfare state, specifically the pursuit of equity through governmental action and its implications for higher education.
(SW)

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THE ALDEN SEMINARS

A WHITE PAPER

Massachusetts Higher Education
in the Eighties:

Access and Finance

HE 015 605

University of Massachusetts at Boston
in cooperation with
Association of Independent Colleges and
Universities of Massachusetts

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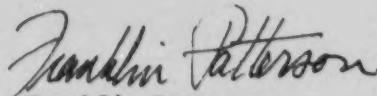
Independent and public higher education constitutes a major resource of the Commonwealth of Massachusetts and has a very significant total economic impact on this state. Industry is strengthened by this resource and the attributes of its higher education system help make Massachusetts an attractive place to live and work. Higher education has entered a dangerous decade characterized by inflation and escalating costs, declining resources, a precipitous decline in the traditional college age population, and the absence of rational planning in the public sector.

In recognition of these formidable problems, the University of Massachusetts sponsored a day-long working conference in March, 1981, seeking to address the most serious of these issues. This conference was attended by a distinguished group of educational leaders -- current and emeriti -- from both the private and public sectors. At the close of the session the participants were unanimous in saying that the dialogue begun should not be allowed to die. One and all saw the need for an on-going forum in which influential leaders from business, industry, and education might strive to create broad public awareness of these matters of such importance to the state. All agreed that there was a need to throw objective light on the place of higher education in the life of the Commonwealth and on what must be done to safeguard and strengthen it.

In order to create such a forum The Association of Independent Colleges and Universities of Massachusetts and the University of Massachusetts at Boston together applied to the George I. Alden Trust for financial support to organize a series of seminars to be held during 1981-82, in which a group of 20 educational, business, and industrial leaders would meet together to discuss substantial position papers dealing with major issues in higher education and to identify possible solutions for problems and areas for action. After each seminar the goal was to publish a "white paper" which would make a contribution to a better informed public and which could be useful to those entrusted with policy formulation. The Alden Trust awarded the grant requested, and Alden Seminars were held on November 19, 1981, January 14, 1982, and April 22, 1982. Outreach from these Seminars was greatly strengthened by an important Ford Foundation grant awarded the University's Center for Studies in Policy and the Public Interest which permitted the publication and dissemination of this and other Alden Seminar White Papers. We are grateful to The Alden Trust and to The Ford Foundation for their generous support.

**University of
Massachusetts**
Amherst
Boston
Worcester

I am also taking this opportunity to recognize the wise guidance and many contributions provided the Seminars by my fellow steering committee members, Carl Gilbert, President and Frank A. Tredinnick, Jr., Executive Vice President, AICUM, and Dorothy Marshall, Commonwealth Professor Emeritus, UMass/Boston, and Coordinator for the Seminars. Recognition is also due the contributions of Wilson Pile, Policy Analyst of the Center, as editor of these White Papers, and the good efforts of Mrs. Sylvia Bengen and Mrs. Ella Minincleri in making the entire project work as smoothly and as expeditiously as it did. The first year of The Alden Seminars reflects both accomplishment and promise -- to all involved, far too many to continue enumerating, I express my thanks.



Franklin Patterson
Boyden Professor of the University
and Director

June 1982

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Overview and Outcomes

On Thursday, January 14, 1982, the members of the Alden Seminar met for the afternoon at Henderson House in Weston, the conference facility for Northeastern University. Their purpose in the second of three formal sessions during this academic year, was to continue to examine the current situation of higher education with particular reference to Massachusetts. The Alden Seminar participants include chief executive officers of important business and industrial concerns in the Commonwealth as well as chief executive officers from a representative range of the state's private and public colleges and universities.

At the beginning of this afternoon session, Seminar members heard a concise recapitulation of the first session from Frank A. Tredinnick, Jr., Executive Vice President, Association of Independent Colleges and Universities of Massachusetts. His comments are included as part of this white paper.

Dr. Michael McPherson of Williams College, an economist, then reviewed highlights of the position paper he had prepared for the Seminar. His presentation was followed by that of Dr. John J. Maguire, Dean of Admissions, Records and Financial Aid at Boston College, who had also prepared a position paper for the Seminar. These papers are presented as part of this white paper.

The Seminar then moved to open discussion involving all participants. This open session was moderated by Dr. George Hazzard, Member, Massachusetts Board of Regents of Higher Education. Unlike the first Seminar, which resulted in general consensus on a substantial number of matters, discussion this time revolved around several fundamental issues in search of further clarification and definition. In the course of these deliberations many concerns were expressed and several items were developed for possible future action.

One general recurring concern was the perception and definition of the term "quality" when used with regard to higher education. It was agreed that quality was a desired end and an elusive value—one rooted in perception at least as much as in quantifiable measures. The great diversity within the broad field of post-secondary education, the existence of different missions according to institutions and institutional levels, and the diverse needs of many varied student constituencies, were seen as contributing both to problems in the perception of quality and problems of defining standards of quality. Particular attention was paid in discussion to the abnormally low standing in popularity and prestige of community colleges in Massachusetts, as compared to those in other parts of the country.

Of parallel and often interlocking concern were the entwined issues of social justice and access to higher education for non-traditional student populations, particularly blacks and Hispanics. The stand expressed

in the McPherson paper endorsing universal opportunity of access was generally supported, but little consensus was achieved on how this aim might be attained. Again, the diversity of programs and fundamental questions about the nature of post-secondary education—e.g. the proper interplay between theoretical training and practical training—combined to forestall any quick consensus.

While discussion was marked by a sense that heterogeneity in higher education should be encouraged, this was qualified by a number of other observations. The view was expressed that duplication and replication waste resources and foster unnecessary interinstitutional competition, that there may be too many curricular offerings and that institutions should cease trying to be all things to all people, concentrating instead on serving the special needs of particular discreet constituencies. Concerning public higher education in particular, there was a strong sense of the desirability of mission differentiation and the need for expressed clarity of purpose at the institutional level.

Throughout the Discussion a number of Seminar members expressed the need for further continuing documentation of the nature of Massachusetts Institutions of higher education. Such documentation, it was felt, could help move the Seminar and similar discussions from the realm of speculation to a sounder basis for the recommendation of policy and action. It was felt that the Board of Regents must develop a comprehensive and current data-base on higher education in the Commonwealth and, if possible, in New England as a whole. Such a data-base should include demographic detail and, of equal or greater importance, should include institutional profiles, ranging broadly from information about students and course offerings through statements of institutional mission.

Seminar members also expressed a sense of need for the Seminar itself to set its priorities. It was agreed that the Seminar could best do this at an early extra session, rather than redirecting the already scheduled April 22nd session on manpower needs and higher education. The coordinator was directed to determine a date in late February or early March for the special session on developing Alden Seminar agenda and priorities.

Opening Remarks of Frank A. Tredinnick, Jr.

Wittingly or unwittingly the first Alden Seminar addressed the reality that higher education is no longer a national priority. In the same way it addressed the further reality that in Massachusetts the attitude towards higher education approximates a national disgrace.

Despite the abundant evidence of high quality education in the private sector and the less abundant but incontrovertible evidence of commensurate quality in some elements of the public sector, Massachusetts tends either to take its institutions for granted, to ignore them or to attack them whenever the matter of thoughtful support for higher education is broached.

The implicit and explicit conclusion of the Seminar's first session was that higher education and the problems of its students and their parents would never be responded to seriously until such time as Massachusetts higher education had a legislative presence that compared favorably with that of the race tracks, civil servants, teacher's unions, banks and high technology companies. The seminar felt that achieving such a legislative presence is basic if higher education is to have any real hope of assuring the continuance of quality where it now exists and of encouraging the development of quality where the potential for it is readily identifiable. The Seminar's concern with quality was single minded.

Taken as a whole Massachusetts probably has a better educational armamentarium than any other state, but because of the lack of awareness on the part of the legislature, this unique resource is not used to full advantage. For example, the Seminar agreed upon the desirability of cooperation between and among institutions both private and public while at the same time legislation that would have furthered such cooperation fell victim to the failure of higher education to make a convincing case.

Similarly, the Seminar agreed upon the desirability of intelligent planning, of clear definition of educational missions institution by institution and sector by sector, of non-duplicative data gathering, and of increasing the state's support of students. All of these functions, however, are functions that logically should be exercised by the Regents, but support for the Regents leaves much to be desired. The Regents have been unable to command much in the way of understanding, respect or money. The Seminar felt that the Regents presented at least a glimmer of hope for better days, but before that hope could be realized the Regents would have to have the support and understanding not only of the legislature but of the higher educational community.

The Seminar touched upon the necessity of improved relationships between higher education and business and between higher education and the primary and secondary school community as priority items. The Seminar did not, however, consider the item which the background paper set forth as the primary

object of the Seminars: the defusing of what is perceived by some to be an extremely tense confrontation between publicly controlled and privately controlled institutions.

The Seminar did not come up with a plan of action for creating the desired legislative presence, but it did agree that such a plan might come out of future Seminars and that the examination of the current situation in the state had been a worthwhile and illuminating beginning. The need for further illumination continues and will be fulfilled in part at least by this Seminar today which turns its attention from the means of education addressed in the first Seminar to the ends of education, the students.

"All But a Privileged Few: The Emerging
Financial Aid Crisis"

John Maguire, Boston College

*This paper was prepared for the Alden Seminar on Higher Education.
Portions of this work were supported by a research grant from the
College Board.

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"All but a Privileged Few": the Emerging Financial Aid Crisis

John Maguire, Boston College

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1. INTRODUCTION

That famous 1978 Doonesbury cartoon (Figure 1)* with poetic license and devastating irony anticipates higher education's enrollment crisis by perhaps five years. The President of the mythical university lists a litany of causes for his obvious enrollment predicament—all of which are real, and all of which are conveniently beyond his control. Birth-rate declines, inflationary costs, and unprepared high school students have inexorably led to his choice between survival and standards. Like some hero in a Greek tragedy, he has chosen death over compromise of principle.

But there is another possible interpretation, again having stark elements of tragedy, which may, in more cases than college leaders would care to admit, be closer to the mark. The appropriate reference is Shakespeare's Julius Caesar: "The fault, dear Brutus, is not in our stars, but in our selves, that we are underlings." Far more ignoble to contemplate is the proposition that we will have ourselves to blame much more than the external forces which undeniably brought our institutions and their leaders to this time of trial.

These scenarios, in varying combinations, are being played out today on college campuses throughout this country. Either serene acceptance of the "inevitable" or a collective loss of nerve and executive paralysis could lead to the same unhappy conclusion.

And then there is a more optimistic vision—that most of our 3000 institutions of higher education hold the ultimate keys to survival in their own hands. There is no doubt that some schools stand today in a better position than others—that good fortunes of the past such as endowments, prime location, and appealing programs bestow competitive advantages in the student marketplace. There is also little doubt that some colleges have passed the point of no return and little can or should be done to resuscitate them. But the overwhelming majority—in categories ranging from prestigious research university or elite liberal arts college to the small, church-related, rural women's college—have the potential to prosper in the face of adversity if only they receive uncommon leadership and demonstrate a capacity both to preserve and to adapt.

To translate this vision into a realistic possibility, Trudeau's hapless President must be replaced by a tough-minded realist who will steadfastly opt for attractive intermediate choices between death and surrender, who can accept diminished student preparation as a challenge or even an opportunity, who views mounting attrition more as a failure of the institution than of the student, and who will welcome the chance to manage decline with equanimity and even excitement.

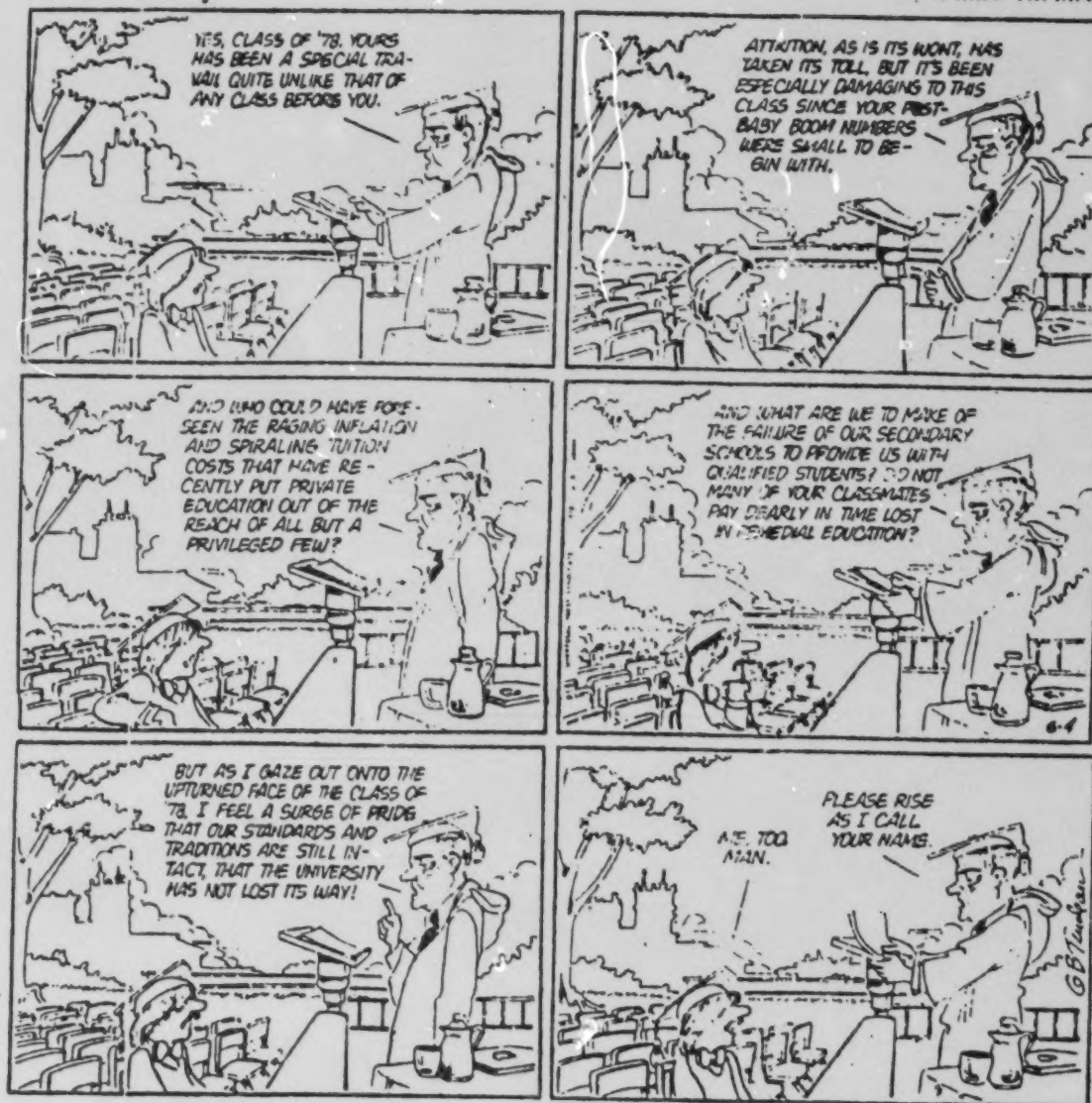
In this paper the problems outlined in the Doonesbury cartoon—which are indeed the major storm clouds on the horizon for higher education—will be examined with special emphasis on "spiraling tuition costs" and the resultant need for financial aid to ensure both access and choice.

*see p. 9(a)

Figure 1

Doonesbury

By GARRY TRUDEAU



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2. A POSSIBLE ENROLLMENT CRISIS

For over one hundred years participation in higher education grew at an explosive rate in the United States. Beginning in about 1870, punctuated by momentary fits and starts during wars and depressions, and terminating with the short-lived "new depression" in the early seventies, student enrollments in American colleges and universities were doubling approximately every fifteen years. This exponential expansion has been followed in recent years by minute, unsteady fluctuations—including two small overall declines in the late seventies, marking the first annual reversals since 1951.

There is little doubt that the post-war boom period, which saw college enrollments quintuple, has given way to a virtual steady-state. More ominous still is the genuine possibility that this steady-state is actually an unstable equilibrium and the precursor to a prolonged decline having deep socioeconomic and demographic roots. The visions of those who had forecast a continuation of compounding growth to the year 2000, when only the universality of higher education and "man's capacity to learn" would force the inevitable upper limit, have been counterbalanced by apocalyptic warnings of a 50 percent decline by the year 2000 as the harsh antithesis to "overexpansion" during the 50's and 60's. Although the extreme doomsayers seem to be tempering their forecasts slightly, evidence is mounting that higher education must indeed be prepared for some serious belt-tightening for many years to come.

The downturn in high school graduates will accelerate up to the mid-eighties, reverse itself momentarily and plunge at an unprecedented rate into the early 1990's. Compounding this are serious decreases in participation rates among white males, particularly from families in the higher income brackets. Remarkably, the 18-21 year old male-female participation curves actually intersected recently—an occurrence that would not have been remotely thinkable even a few short years ago. Despite the fact that women of all ages are enrolling at higher rates, compared with men they tend to take fewer courses and to leave college more often before completing degrees. While women appear to be making up for educational time lost in previous decades when their college-going rates were far below those of men, men of all ages are responding much more directly to economic forces, which are diminishing the financial payoff of a college degree, and the shrinking differential in lifetime earnings between college and high school graduates.

There are secondary forces which could also reduce traditional college enrollments—such as communications technology, which will eventually allow direct educational broadcasting via satellite to individual home televisions, or the assumption of a greater direct role by industry and government in the education of their employees. More companies are now engaged in providing job-related educational services to their staffs as integral parts of professional development programs. (Indeed, AT&T is America's largest educational institution). And it is not yet clear to what extent the military services will expand educational programs as an incentive to recruit enlistees with high school and junior college degrees.

Conversely, it is possible that other trends, some only dimly perceptible at this time will result in increasing enrollments. If horizons are extended in time to include senior citizens, and in space to encompass world citizens—whose rising expectations for freedom and prosperity could cause them to look to America for export of learning as perhaps our most valuable resource—then higher education could enter a time of unparalleled prosperity.

In recent years the massive infusion of federal and state funds has probably been responsible for significant student increases, and many argue forcefully that an expanded commitment to financial aid in the 1930's will forestall possible precipitous declines. In later sections of this paper financial aid trends shall be examined in greater depth.

The positive correlation between unemployment and college attendance rates could ironically provide federal and state government with a needed impetus for further investment in a partnership with higher education.

Government policy can perhaps exert a ten to twenty percent influence on national enrollments, in either direction. But it is problematic whether the American people, given pressing competing priorities such as defense, elementary/secondary education, energy, health, and the environment, will support even the stabilization of our vast higher education complex, let alone expansion in the direction of the ideal "learning society."

There will also be differential enrollment opportunities for isolated sectors of postsecondary education. A resurgence of women's colleges seems to be occurring in conjunction with the preponderant rise in female enrollment at all age levels. Community colleges will be less affected by the traditional cohort reduction due to their emphasis on adult and career education, and because the Black and Hispanic 18 year old populations will experience relatively small declines over the next decade. Certain states, particularly in the Northeast, will be subject to powerful forces. The national enrollment decline of 26 percent between the late 70's and early 90's will not impact all states and regions uniformly. Due to the complex interaction of high school graduation rates with family and student migration patterns, states like New York, New Jersey and Connecticut will be severely affected by plunging student enrollments and subsequent school closings, if present trends are allowed to continue. Given the serious socioeconomic impact that this could have on these states, it is predictable that their educational and political leaders will attempt to plan countermoves toward stabilization. Massachusetts, which is now one of the leading importers of students, will experience a 43% peak-to-trough decline in high school graduates—so the stability of past migration patterns may be essential for maintaining our continued leadership role in higher education.

This sort of competitive chess game will be played out repeatedly as institutions, states, regions, and even nations vie for a position in a depressed educational market. But pressures towards institutional renewal

carry both the promise of significant educational improvement and the threat of excessive pandering to momentary fads and even blatantly unethical practices. Because the stakes are so high in this Darwinian scenario, it is not clear that each institution will place the public interest above its own, if the two should conflict. Fortunately, an educational product of high quality appropriately priced and delivered—more than the inflated claims of slick marketers—will determine the long-term health of most colleges, as the retention process inexorably measures student expectations against institutional realities.

American higher education has never before in its history been put to the awesome test of managing enrollments through a period of prolonged decline. That this decline should follow so swiftly upon such unparalleled growth compounds the challenge considerably. Hundreds of colleges and universities will probably not survive; others will change dramatically in character and mission. The combination of factors outlined above will not affect all regions and sectors identically, so that some schools will be more vulnerable than others. But this nation's powerful insistence on pluralism should guarantee that there will be some notable triumphs in all categories. It must be reemphasized that in most cases ultimate survival remains in the hands of individual institutions, although uncommon leadership, creativity and courage will be essential.

3. DECLINING QUALITY

The Doonesbury cartoon cites the "failure of our secondary schools to provide us with qualified students" as a major reason for the present plight of higher education. Throughout the 1970's the consensus emerged that educational standards and the achievement of American students have not measured up to society's high hopes and huge financial investment. Some even insisted that the problem has reached epidemic proportions, that our elementary and secondary systems were academically bankrupt, and that no solution short of drastic overhaul or complete abandonment would suffice.

Perhaps the most conspicuous evidence of this crisis is the prolonged decline in the math and verbal scores of the Scholastic Aptitude Test taken annually by about one million college-bound students throughout the country. A College Board panel chaired by Willard Wirtz found no unique explanation of the score decline and the larger problem of diminished educational quality. An expanded test-taking population, television, teachers, parents, society in general, lack of motivation for learning and a diluted curriculum were all cited as having some perceptible impact on the thirteen-year plunge in SAT's. However, given the complexity of the interaction among these causes, it was not possible to quantify responsibility beyond the acknowledgement of a "two-tiered" drop due mainly to test-taking population changes in the 60's and societal factors in the 70's.

A hypothesis which was not pursued in depth by the Wirtz Panel links the decline directly to the post-war explosive growth in enrollments, with the primary contributing factor being the enormous under-supply of qualified teachers during that period. The required infusion of new teachers for grades K-12 in this country increased dramatically between 1930-50 and 1950-70 from about 1.5 million to 3.5 million. While turnover remained the major cause, enrollment increased and pupil/teacher ratio improvements exacerbated the supply problem to the point where new teachers were being added to public schools at the alarming rate of 12% during the fifties and sixties.

Despite considerable expansion of teacher education colleges between 1950 and 1970, the teacher shortage was severe during the entire 20 year period and did not reverse to a surplus until shortly after elementary enrollments began to level off in the late sixties. For example, the number of people acquiring teaching certificates between 1953-1954 (one year after the baby boom swept into the first grade) actually declined by 6.56%, while combined elementary enrollment rose by 6%.

Enrollments were virtually constant during the thirties and forties; the number of teachers serving that generation likewise did not change appreciably. Suddenly, over the following two decades—beginning with a catastrophic system shock in 1952 and 1953, when a 33% first grade enrollment increase occurred—enrollment in grades K-12 jumped by 84%, from 25 to 46 million! Demand for teachers vastly exceeded supply, as their population doubled, mainly to keep pace with the enrollment tidal wave, but also to improve ratios.

And to compound the crisis even further, the birthrate decline in the twenties and thirties generated a diminished pool of eligible teachers. Clearly an 85% growth in the 5 to 18 year old student population over two decades could occur without diminution of raw potential or fundamental quality, but a 100% increase in teachers drawn from a constant or even declining national population would very likely necessitate a serious erosion of average teacher capabilities, unless a dramatic shift had occurred either in the labor market or in the image of the teaching profession.

Economic evidence does not support the idea that the teaching profession improved dramatically in status between 1930 and 1955. Teacher salaries rose about one-third as rapidly as comparable positions in the labor market during this period. And even into the sixties with the emergence of aggressive collective bargaining, teacher salaries, particularly for men, were lagging those of professions like salesworkers, craftsmen and blue collar supervisors. This lack of perceived status meant that the vast majority of teacher college matriculants were being recruited from the less "qualified" ranks of high school students—by whatever objective measures (high school performance, SAT's, self-reported skills) were used to define "quality."

With all of this, it is not unreasonable to anticipate that student performance indices such as the SAT's would begin to sound the alarm of an overloaded system, stressed beyond its capacity to adapt. Not coincidentally, the high school senior class which initiated the SAT drop in 1964 was also the first of two consecutive first grade classes to experience a quantum increase in 1952 and 1953.

It should be re-emphasized that disruptions caused by unmanageable enrollment growth, coupled with a critical teacher shortage, were not the sole causes of the perceived decline in student literacy during the 60's and 70's. The Wirtz Panel had cautioned against the folly of oversimplifying what is surely a complex interaction of many variables. But there can be little doubt that an unavoidable dilution of teacher quality during the steep growth period following the Second World War played an important role in the recent evolution of education in this country. So the Doonesbury President's petulance at the "failure of our secondary schools" has some basis, even if it masks the many other forces in our culture which have transformed the students entering our colleges and universities.

4. THE FINANCIAL CRISIS: THE RISE AND FALL OF FINANCIAL AID

The rapid enrollment increase in our elementary and secondary schools during the 50's and early 60's obviously had a profound impact on higher education. New university systems, colleges, campuses, and architectural masterpieces came into being with unbridled speed during the 60's and 70's. All too often expense was no object; budgets and faculties grew exponentially as government and private funds were channelled into postsecondary education to fuel this expansion. The changing nature of America's mushrooming economy coupled with a technological challenge from the Soviet Union increased the urgency of this enterprise.

But the growth rate of higher education was also accelerated rapidly by other forces such as the rising expectations of previously disenfranchised citizens and the growing belief on the part of many state and national leaders that education at all levels should be more egalitarian and less meritocratic. Ironically, despite unprecedented increases in numbers of high school graduates, changes in participation rates (or percentages of graduates going on to college) were even more responsible for college enrollment growth during the 60's. The emergence of broader social purposes for higher education heralded a vision of universal access. New community colleges were opening every week and the 50% enrollment proportion in public higher education in 1950 grew to almost 80% in 1980. (Those of us in independent higher education, with perhaps undue pessimism, resist thinking about the implications of linearly extrapolating this date to the year 2000!)

The federal government initiated a multi-billion dollar investment in financial aid for higher education which made it possible, first for returning veterans, and then for economically and educationally disadvantaged high school graduates to aspire to college degrees. The Service

Man's Readjustment Act (G.I. Bill) was followed by the National Defense Education Act (National Direct Loans), Higher Education Facilities Act, Economic Opportunity Act (Work Study), the Educational Amendments of 1968/72 (Basic Grants), and the Middle Income Student Assistance Act. By the early 1980's over \$4 billion in federal funds annually was being invested in BEOG (Pell Grants) and three campus-based programs (Work Study, NDL, SEOG). Roughly \$1 billion more was allocated by state governments in the form of grants-in-aid, while private sources, institutional scholarships and bank loans (many guaranteed by the federal government) accounted for about \$10 Billion additional aid.

Virtually all government funds for financial aid were strictly need-based and their equitable distribution according to specified formulae was a strict requirement for institutional eligibility. Prior to heavy government involvement in the financial aid process, colleges and universities had distributed institutional scholarship resources almost exclusively on the basis of merit (as the name scholarship implies). To some, these government restrictions signaled a decline in the premium placed on academic achievement and have been blamed at least in part for the drop in SAT's during that period. But to most these requirements represented a long overdue recognition of the crucial role that higher education plays in guaranteeing equal opportunity to all citizens.

But tensions between democratic and meritocratic ideals were not as significant as other problems that began to emerge. Institutional budget growth during the 60's and 70's was occurring at almost a runaway pace, as student enrollments and federal funds rose dramatically. Indeed, part of the extraordinary growth is probably due to the expanded availability of financial aid which provided the seed money for family financial support and also allowed more institutional resources to be diverted to other areas such as salaries and programs.

During this period there was little incentive for thoughtful financial planning; many colleges and universities added facilities and staff without recognizing that such a labor-intensive enterprise as education might not be able to survive if financial conditions altered only slightly. And alter they did! Many schools saw applications decline to the point where abandonment of all pretensions to selectivity was essential for survival. Others discovered that they were unable to increase enrollments to levels required to service debt incurred on new facilities. And an unfortunate few in the 1970's closed or merged because both overexpanded facilities and declining enrollments left them unable to maintain their annual budgets in balance.

Schools that disappeared from the educational landscape in the 1970's learned the painful lesson that budgets in higher education are not easily reversible—that a sudden erosion of income can leave a school vulnerable to large deficits with virtually no hope of a commensurate reduction in expenses. A college or university is not able simply to eliminate a shift or to slow down a machine in order to decrease productivity in parallel

with reduced demand. (Notable exceptions to this rule include urban institutions which have kept overhead low while maintaining facilities attractive for renting or leasing.)

When excess capacity emerged as a genuine threat in the late 1970's, competition for students became more heated. Ethical problems involving overzealous marketing were more prevalent. Inflated promises were made about the institutional quality and student services. No-need scholarships allowed struggling colleges and universities to discount prices as an incentive for students of exceptional ability who might not qualify for financial aid at their first-choice schools. The lure of "easy money" also induced many families to apply for low-interest loans they really didn't need for educational purposes. It became fashionable to invest such funds at considerably higher rates in money markets. At the same time the default rate on government guaranteed loans was skyrocketing, as extraordinary stories of rampant abuse by colleges and by individuals became commonplace. Finally, some financially strapped or academically ambitious colleges were beginning to subvert the original purposes of the vast financial aid enterprise in their struggles for survival or status. Audits were producing cases of irregularities in awarding aid, as institutions, perhaps understandably, subordinated noble goals of equal access to their more narrowly defined institutional objectives.

Political pressure, coupled with escalating college costs, forced the Congress to modify the original purposes of the Basic Grant program to the point where middle- and upper-middle income families became eligible for grants and low-interest loans. As the federal financial aid budget kept expanding, seemingly without limit, inflation carried college costs forward at an even faster rate. The paradox of "best of times/worst of times" was never more evident. Aid growth was the highest ever, yet need was increasing so rapidly as to outstrip these gains. The gap between college budgets and total family and financial aid resources continued to increase.

The election of Ronald Reagan to the Presidency of the United States more than anything else signaled the American people's disaffection with big government and their desire to control the economy. New priorities of national defense, lower taxes, and a balanced federal budget—in short, the harnessing of what the voters of 1980 viewed to be a bloated bureaucracy—supplanted to some degree the social and educational ideas of the 60's and 70's.

At the beginning of 1982, Congress was giving serious consideration to dismantling both BEOG and campus-based programs. A proposal from the Office of Management and Budget will be taken up in March, 1982, to reduce these appropriations from \$4.2 billion to \$1.4 billion—a catastrophic decline of 67%! Even an inevitable compromise could result in a one to one and one-half billion dollar cut in federal financial aid at a time when annual half-billion dollar increases are necessary merely to keep abreast of inflation.

What are the alternatives for financing access and choice in higher education if the federal government reduces its role in dramatic fashion? Are we entering an era of "new federalism" in which the burden will be shifted back to the states? As we shall see in section 7, a vastly expanded role for our own state of Massachusetts is highly unlikely, given the paucity of state aid available at present and the "Proposition 2½" tax-cutting mood of the electorate. Likewise, the next two sections of this paper will indicate that the options for individual institutions such as Boston College are not completely obvious either.

In the minds of some only the closing of large numbers of colleges and the consequent reduction of national enrollments by perhaps 1.5 to 2 million students would bring the higher education system back into equilibrium if threatened budget cuts materialize.

The only remaining possibility would involve a major shift of the financial burden towards individual students and their families. In the remainder of this paper we shall provide evidence that this development has already begun at the institutional and state level.

5. BOSTON COLLEGE: A CASE STUDY

Boston College, a Jesuit University in Chestnut Hill, Massachusetts, with an enrollment of approximately 8400 undergraduates provides almost 50 percent of the student body with some form of financial assistance. Compared to many major independent competitors, total tuition, room, and board figures are hundreds or even thousands of dollars below average. However, scholarship endowment and discretionary institutional financial aid are also low, with the result that the University supports what might be termed a "conservative" pricing policy. Consequently, in recent years the undergraduate student body has typically included 3000 students with aid packages averaging \$2000 to \$3000 less than levels recommended by the needs analysis system of the College Scholarship Service. This means that Boston College undergraduates have a cumulative CSS evaluated need gap (unmet need) in excess of \$7,000,000. To compound this, the typical Boston College family, when asked to estimate its financial need on the college aid application, will overstate this deficit by almost \$1000. This subgroup of families behaves at the institutional level in a manner wholly consistent with the findings of national studies done by agencies such as the College Board.

And yet, the vast majority of these young men and women (almost 80%) persist through graduation. This section will summarize how these students view the aid program at Boston College and how they adjust to their circumstances.

a. Market Research on Financial Aid

In order to understand the major factors influencing the decisions of students to come to Boston College as freshmen and to persist through graduation, marketing questionnaires are distributed to inquiries, enrollments, accepted non-enrollees, persisters, and dropouts.

Data from the 1976 study of accepted freshmen indicated that Boston College's financial aid program was qualitatively rated the lowest among thirty characteristics that might influence choice of a college. Indeed non-matriculants cited inadequate financial aid as the most important single influence on their decision not to attend. In addition, multiple discriminant analysis verified that, even at the subliminal level, financial aid rating was the best single predictor of who would and who would not come to Boston College. Finally, a comprehensive retention study revealed that finances were a significant motivator for those who either dropped out of Boston College or gave this decision serious consideration. (Factor analysis interjects a cautionary note here, however, since there is a correlation between "Lack of Motivation" and "Inadequate Financial Aid," which suggests that socially acceptable financial aid reasons sometimes were used as rationalizations).

Based on these results, Boston College increased considerably its commitment of discretionary financial aid to freshmen entering in 1978. The positive effect on class quality and yield (percent accepted who enrolled) was significant, and partly because of this experiment, the university expanded funding levels for subsequent entering classes.

b. Responses to Financial Aid Offers

Boston College analyzed data on approximately 10,000 aid applicants to the classes of 1975-77 in order to understand how candidates respond to offers of financial assistance. Table 1 displays the "yield" data for this large group, who cover the whole spectrum of possible needs and awards. Although this data is idealized somewhat for modelling purposes, it is an accurate representation (except at high needs) of the actual situation in the mid-seventies, before Basic Grants became the dominant source of federal aid.

The term "gap" in the Table is defined simply as the difference between need and total aid from all sources allocated by Boston College; gap is therefore unmet need or the amount by which a student in a given category is underfunded. All data are displayed as averages, when actually they represent different intervals—the intervals for need being \$1,000 and the intervals for "gap" being \$500. The assumption (which proves valid because of the large number of data involved) is made that in all cases the average is the midpoint of each interval.

The complexity of the above discussion should not be allowed to cloud the extraordinary conclusions which can be drawn from Table I. There was little reason to expect that a large group of financial aid recipients would respond in anything like the way they did at Boston College. Indeed, one knowledgeable in the field of financial aid might have predicted results more along the lines of Hypotheses A and B, depicted quantitatively in Tables II and III.

The implications of each of these possibilities can be summarized as follows:

Table I - Actual Model

(Av) Gap (\$)	(500)	(1500)	(Av) Need (\$)	(3500)	(4500)
	0-1000	1001-2000	(2500) 2001-3000	3001-4000	4001-5000
(250)					
1-500	40%	50%	60%	70%	80%
(750)					
501-1000		40%	50%	60%	70%
(1250)					
1001-1500		30%	40%	50%	60%
(1750)					
1501-2000			30%	40%	50%
(2250)					
2001-2500			20%	30%	40%
(2750)					
2501-3000				20%	30%
(3250)					
3001-3500				10%	20%
(3750)					
3501-4000					10%
(4250)					
4001-4500					0%

Table II - Hypothesis A

(Av) Gap (\$)	500	1500	(Av) Need (\$)	3500	4500
			2500		
250	40%	38%	36%	34%	32%
750		36%	34%	32%	30%
1250		34%	32%	30%	28%
1750			30%	28%	26%
2250			28%	26%	24%
2750				24%	22%
3250				22%	20%
3750					18%
4250					16%
4750					

Table III - Hypothesis B

(Av) Gap (\$)	500	1500	(Av) Need (\$)	3500	4500
			2500		
250	40%	40%	40%	40%	40%
750		38%	38%	38%	38%
1250		36%	36%	36%	36%
1750			34%	34%	34%
2250			32%	32%	32%
2750				30%	30%
3250				28%	28%
3750					26%
4250					24%
4750					

Actual Model: Table I

For a constant gap yield will increase with increasing need. This could be true for sociological reasons—e.g. poorer families will make greater sacrifices. It could also be true for psychological reasons—i.e. the simple attraction of more offered money will increase yield even as gap increases. Finally, there is the possibility that the need analysis is perceived as inequitable by middle-income families making decisions about college.

Hypothesis A: Table II

For a constant gap yield will decrease with increasing need, since poorer families may have a more difficult time making up the difference and may perhaps place a lower premium on the value of an education. (The data of course refutes this hypothesis.)

Hypothesis B: Table III

For a constant gap, yield will be constant with increasing need, since a true need analysis takes all factors into account in determining "ability to pay." Large numbers of people over a period of time should provide an operational definition of ability to pay. For example, a zero gap (full funding) means that choice will not be significantly influenced by financial considerations. Then the yield on the zero gap group of recipients would theoretically match that of the students not requesting aid. (Again Boston College's data does not substantiate this most reasonable and attractive hypothesis).

Figure 2 displays the data of Table I in graphical form. The solid lines are lines of constant yield, while the dashed lines present policy options. For example, the solid line $Y+.4$ represents a constant yield of 40 percent across all needs and gaps. The dashed line along $Y=.4$ indicates that, when aid is one-half need, the yield will be a constant 40 percent. It can be demonstrated that these data are described exactly by the empirical equation:

$$(1) \quad Y = \frac{-.4}{\$4000} (2G - N) + .4$$

where Y is yield, G is gap, and N is need.

It should be noted that the policy of underfunding by a fixed gap (Equity Packaging) would result in a linear increase in yield with need. To some extent Weathersby's contention that the offer of aid is more important than the amount of aid is borne out by the data. For example, a need of \$3000 with a \$1000 package resulted in a yield 10 percent greater than a need of \$2000 which went totally unmet.

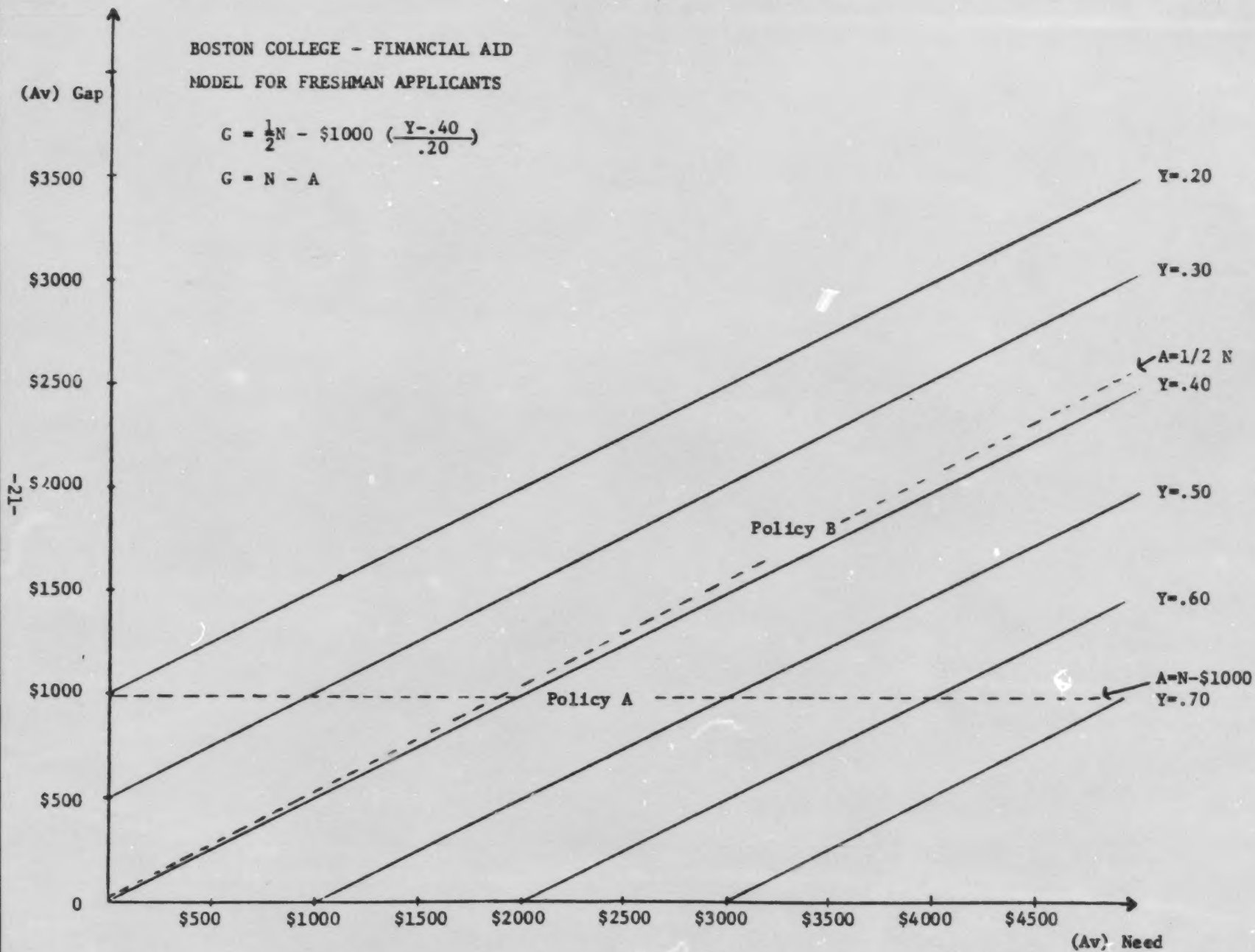


Figure 2

c. Student Resources for Unmet Need

Each year Boston College undergraduates who request financial aid are required to undergo standardized need analyses and to fill out detailed university applications. Projected resources and expenses must be itemized, and resources are required to equal or exceed expenses. A random sample of approximately 200 applications for 1978-79 was chosen in order to study the methods students use to bridge the substantial need gaps created by underfunding.

80 percent of the group were determined to have unmet needs averaging roughly \$1500 after all institutional grants, BEOG, state scholarships, National Direct Loans, and College Work Study funds had been distributed.

Over 50 percent of all students in the sample reported actual parents' contributions exceeding CSS recommendations by significant amounts. Likewise, more than half of these aid recipients are involved heavily in part-time employment to defray their educational expenses. Guaranteed insured bank loans accounted for about one-third of the gap in 1978-79; and since most GIL students also receive National Direct Loans, this rapidly expanding group was facing loan repayments of up to \$10,000 to two loan sources after graduation.

d. An Uncertain Future

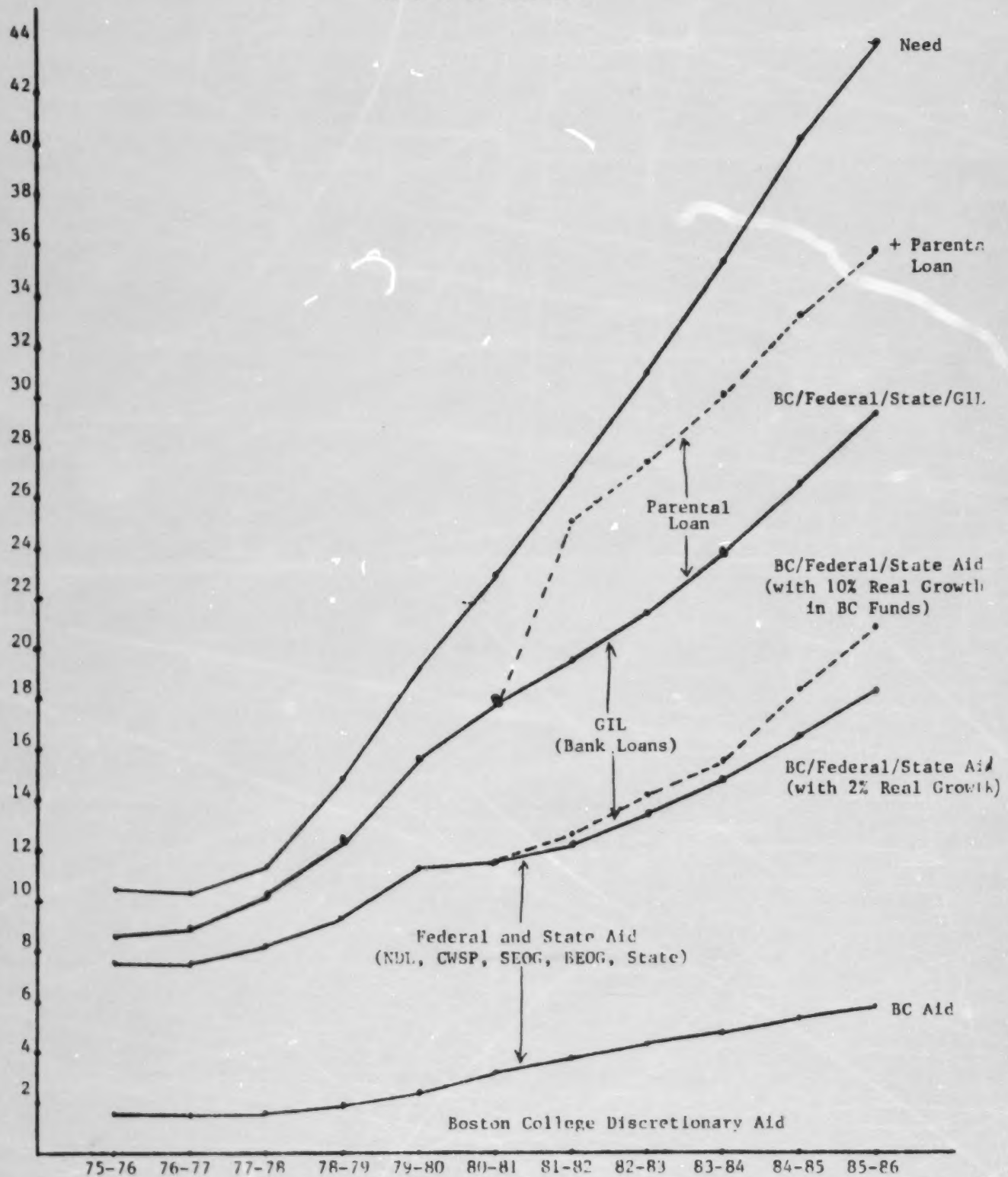
Much of the Boston College data outlined in the two previous sections related to a period in the middle and late seventies when cumulative unmet need of the undergraduate student body could reasonably be offset by a stronger commitment on the part of students and their families to loans, work and other kinds of financial sacrifice. Indeed, our research has demonstrated that underfunding (relative to a national needs analysis formula) is a viable strategy and that students and families most committed to a Boston College education will often find the means to matriculate and persist.

As we enter the 1980's evidence is mounting that the "elastic limit" may be approaching. Figure 3 shows the cumulative need of the undergraduate student body at Boston College from 1975 projected through 1985, together with the total resources available from all sources (including GIL's and Parents Loans) to meet that need. Ironically, these resource estimates were made prior to the late 1981 severe budget-cutting proposals from the Reagan administration; they therefore assume some modest growth in federal funds during the next five years. It is now more likely that there will be a decline, and even a reasonable possibility of a disastrous plunge.

A cursory examination of need and aid growth patterns by the mid-eighties suggests that Boston College students' cumulative unmet need (after NDL's, but before all other forms of loans) will be in the range

Figure 3

Boston College
Comparison of Projected Need vs. Aid
1975-76 to 1985-86



of \$30 million to \$35 million. If we seek to maintain a heterogenous student body consisting of 3,000 to 4,000 students receiving some form of financial aid, it is distressingly clear that each student's family will be required to borrow approximately \$8,000 to \$10,000 per year to finance a Boston College education by the mid-eighties. It must be understood that this cursory analysis does not include the 4,000 to 5,000 undergraduates who do not apply or qualify for financial aid, but who will also be obliged, for reasons of liquidity, to incur similar indebtedness.

Since Boston College's financial and enrollment pictures are considerably healthier than many private institutions of higher education in Massachusetts, it is frightening to contemplate the limited options of some other schools.

6. PRICING AND FINANCIAL AID STRATEGIES

a. General Observations

With the soaring cost of higher education, how does an institution set its tuition and package its institutional, federal, state, and private financial aid monies in a fair and efficient way to meet both governmental requirements and institutional goals? Among these goals are, most pragmatically, achieving overall enrollment objectives with the most qualified student body possible, and obtaining an appropriate distribution of minorities, women, commuters, athletes, low- and middle-income applicants, etc.

This is an enormously complex problem and there are to date no ready answers, either in the literature or in existing institutional models. A few heavily endowed high-prestige schools are able to meet the full needs of all accepted applicants, while those colleges unable to achieve full enrollments often unabashedly lure students with no-need scholarships, tuition discounts and other even more questionable practices. One especially enterprising school in the midwest, for example, came dangerously close to releasing thousands of helium balloons containing cards promising scholarships to those who returned them—until, fortunately, cooler heads prevailed and that escapade was cancelled.

Schools intermediate between those extremes are faced with the most difficult decisions of all. With very little endowment, but sufficient application numbers to enroll their classes, they must carefully calculate the cost and the benefits of very difficult choices involving appropriate level of tuition, total available institutional aid, percent of student body to receive financial aid and packaging approach—all set against a backdrop of the overarching goals previously mentioned. More and more frequently these institutions are discovering with Boston College that available institutional income, almost exclusively derived from tuition revenue, cannot offset the full unmet need of qualified applicants. Do they increase tuitions to levels sufficient to offset this deficit; do

they fully fund a small fraction of the total pool and "admit-deny" the rest; or do they underfund everyone in order to spread their scarce funds as far as possible?

Significant increases in tuition could reduce applicant pools considerably—particularly among those middle income students who feel most constrained by present need analysis formulas. But maintaining tuition at a level below the competition could have the indirect effect of granting an unnecessary subsidy to students and families who have no demonstrated need—releasing them from the obligation to finance the full cost of their education and also to provide funds necessary to aid needy students. In many ways this is analogous to the criticism levelled against pricing policies in public higher education—which, in the minds of some critics, fail to capitalize upon the ability-to-pay of many matriculating higher income students.

On the other hand, if "admit/fully fund and admit/deny" policies are rigidly adhered to, needy and qualified students who list an institution as their first choice could effectively be turned away in favor of students whose only rationale for attending is an excessively attractive aid package. In many institutions practicing this policy, tuition levels are growing at an inordinate rate—and ironically this often allows them to qualify for more state and federal aid, leading to an instability and reduction in incentives for financial control.

In the above extreme scenarios, resources are not being utilized to their fullest extent to increase access to higher education. In a sense, institutional goals clash with federal and state policy and the latter are relegated to second place. One of the reasons that legislators are reluctant to provide increased aid to higher education is precisely because they see it being used more often to achieve strategic institutional goals than to address major societal problems of access and choice for low-income students.

The solution of underfunding the majority of accepted applicants is not without its problems as well. Some financial aid officers would argue that it is unethical to encourage students to consider an institution and not to provide them with adequate funds to attend without encountering severe financial hardships which will affect their ability to learn and their chances of degree completion. Students who want to attend an institution badly enough are placed under the most severe kinds of psychological, as well as financial, pressures; and if they finally are forced to drop out they incur the double burden of failure and fiscal insolvency.

These complex, value-laden questions which so often lead to conflict between the goals of an institution and the fundamental precepts of society are likely to become magnified in the next ten years as overall enrollments drop, the percentage of low-income and minority students with great need increases, and colleges are confronted with issues of basic survival.

b. Organizational Issues

Within individual institutions the concept of Enrollment Management shows promise for bringing resolution to some major organizational problems. Traditionally financial aid officers have held steadfastly to the principle that student need should be the primary (or even sole) consideration in funding students. Hardpressed admission officers have more often opted for utilization of financial aid as an indispensable tool for marketing—especially for those students most highly prized in the shrinking applicant pool.

Tension, ill-feelings, and political battles have been generated by such divergent points of view. When the offices of Admissions and Financial Aid are organizationally removed from each other—as they often are in institutions of higher education in America—without carefully integrated policies and procedures for awarding financial aid some genuinely outrageous and counterproductive activities can become commonplace. For example, there is the so-called "bait-and-switch" technique, whereby the admissions office lures students into an institution with generous institutional grants, only to have them reduced, or replaced by loans and work-study, when the Financial Aid Office renegotiates packages in future years.

In many colleges, Financial Aid officers are inclined to be overly zealous in defending the financial rights of the native student, while Admissions officers too often see it as their duty to negotiate as much as possible for the new entrant.

Arguments about the amount of money forfeited by students who graduate or withdraw and about its eventual reallocation do not have easy solutions. The transfer student is often the most visible casualty in this fray, since many schools make little or no money available to this sometime unwelcome (except for tuition dollars) "intruder".

c. Case Studies*

Approaches to setting tuition and distributing scarce financial aid resources are almost as numerous as the institutions employing them. Five independent colleges and universities in Eastern Massachusetts will be cited to illustrate these varied strategies and their results.

1. Ivy University

This large, urban university has an international reputation and is universally recognized as one of the most prestigious schools in the world. Over 13,000 men and women applied in 1978/79 for the 1700 seats in the Class of 1983. For this school at least, financial aid has a lower-than-usual effect on choice, because when it comes down to choosing, if you

*This subsection draws heavily upon the doctoral thesis work of James Scannell, Dean of Admissions and Financial Aid at Cornell University (former Director of Admissions at Boston College).

have been chosen by this school there is actually no choice! (Only a slight hyperbole!) One of the charter members of CSS and architect of the first needs analysis formula, Ivy U. has always been keenly interested in financial aid. The school has packaged its money to insure that the best possible mix of students enter its Ivy walls and at the beginning of the 1980's they were able to meet the full needs of all admitted students.

2. Suburban College

This small, sectarian, residential college 25 miles from Boston, is almost the total opposite of Ivy U. when it comes to funding strategies. Run by a religious order of priests, Suburban College is selective, but not highly selective and appeals largely to graduates of parochial schools, and other Catholics who come from the Northeast quadrant of the U.S. Although there are not many shared applicants, if one was accepted to this school and to Ivy U. the decision would be overwhelmingly in favor of Ivy U., despite the fact that Ivy U. costs considerably more. Financial Aid is not used to induce enrollment at this institution. Freshmen receive a disproportionately smaller share of all funds, institutional as well as federal. Notice of financial aid does not go out until an applicant acknowledges his acceptance, and sends notification that he will enroll along with a tuition deposit. Tuition is modest and total costs make this school very reasonable when compared to other eastern Massachusetts private schools.

Admissions officials at Suburban College are confident that if the timing problem can be solved (simultaneous admission and financial aid notification) and freshman financial aid awards achieve parity with those of upper classmen, the yield of accepted applicants would improve and the school would be accepting closer to 45% rather than 55% of its applicants. And there is evidence that the academic profile would improve as well.

3. Women's College

This small, urban, liberal arts women's college is situated in downtown Boston. At least part of its outstanding reputation hinges on the concept of internships. Only recently has it discovered the need to develop an overall marketing plan for the school's future. With over 1500 applicants this year this institution is budgeted for 415 freshmen (a ratio few single-sex schools could boast at the outset of the 1980's). With costs relatively high, approximately 600 accepted applicants have also applied for financial aid in the past few years. Because of a funding policy which rewards

the best (overall admissions evaluation) first at full need, and continues at this level until funds are exhausted, Women's College achieves a 50% yield on those 200 who are funded, but only a small yield on the remaining 400 accepted financial aid applicants. Consequently they must dig deeper into their applicant pool in order to achieve enrollment goals. This admit-deny policy may not constitute a serious problem now, but could well be a dilemma in the 1980's as applicant pools diminish.

4. Urban University

A large institution in downtown Boston is the subject of the fourth study. Although it left the seventies in a much stronger fiscal position, it endured some extremely bad press during the late 70's (faculty walk-outs and unionization, student strikes and a controversial President). This school entered the seventies with a tuition lower than Boston College's and a comparable financial aid program. Declines in applications, tremendous fixed costs and debt service, and a turnstyle of leadership in admissions and financial aid led to sweeping changes in enrollment management policies and procedures. Tuition surged by B.C.'s in the seventies and by the end of the decade this institution was charging almost \$1000 more in tuition alone. With a pared-down undergraduate enrollment (now almost 3/2 B.C.'s size) their freshman financial aid budget (institutional unregistered funds) was almost five times greater in 1978 than the comparable amount at Boston College.

With this tremendous institutional aid budget coupled with average federal allocations, they were able to draw people who might well have gone elsewhere. Their pricing strategy clearly takes institutional needs into account and allows for a very large financial aid program supported almost entirely by a tuition in excess of the cost of instruction. Ironically, this strategy has placed Urban U. in a favorable position in the late 70's, given the formula adopted by Massachusetts for the State Matching Grant Program. This institution charges significantly higher tuition and received almost twice as much Massachusetts Matching Grant Money (\$444,000 vs. \$224,000) as Boston College.

5. Boston College

This suburban university now has the largest full-time enrollment of any American school in the Catholic sector of

higher education. Its rapid evolution from a primarily male commuter college to a full-fledged national institution was at times traumatic. Within a relatively short period, housing expanded by a factor of ten, undergraduate applications tripled, and enrollments rose by more than 50%.

But a fiscal crisis in the early 70's almost brought Boston College to its knees, and consequently the financial aid budget came under particular scrutiny. In 1967-68 Boston College had \$500,000 unrestricted (and in many cases, no-need) scholarships for a freshman class of 1600, with tuition then set at \$1600. Ten years later, for the 1981 freshman class of 2,200 with tuition at \$3400, Boston College had \$250,000 unrestricted scholarships. With tuition more than double and with a goal of enrolling 1/3 more students, only half the unrestricted scholarship money was available compared to a decade earlier.

In addition to this increased demand, three factors allowed Boston College to employ such an extremely modest scholarship budget:

1. A "conservative pricing policy" was instituted. In the late sixties, Boston College's tuition was in the top half among its numerous competitors in the Northeast. By the late 1970's Boston College's tuition placed well into the bottom half among that same group. Although tuition had increased steadily during the past decade, the amount of each increase had been relatively small (roughly the percent increase of disposable discretionary income for a middle income family of four).
2. Since the late sixties, B.C. had been blessed with an outstanding federal aid program. Throughout most of the 1970's the school ranked first in New England and in the top twenty in the country in terms of total dollars allocated from the three campus based programs (NDL, CWS, SEOG). This was the case despite the fact that the institution is smaller than many others in the region and significantly smaller than most national schools in the top twenty.
3. Long before "equity packaging" became a widely-used tool of the financial aid community, Boston College was employing this strategy in an effort to attract an optimal mix of students available. As a result of extremely limited funds, B.C. was, as early as 1971, underfunding accepted financial aid applicants by \$1,000 (this procedure produced the empirical data which appear in Section 5 of this paper). By examining the response rate of financial aid recipients, alternating for fixed gap, need, quality and resident status, Boston College has been able to develop funding methods which allow for the best distribution of students, given limited financial resources. At the conclusion of section 5, trends were analyzed which indicated strongly that the financial aid strategies of

the past at Boston College would have to be reevaluated in the light of decreased federal support, excessive self-help obligations on the part of the students and their families, and the desire to maintain a diverse student body. The following six planning options have been proposed:

a. Continue on our present course

Our surest hedge against external policy changes over which we have minimal control will be the cultivation of a large reservoir of high-income applicants. Our applicant pool is now in good shape to withstand the onslaught of enrollment drops in the 80's, and moderate tuitions without reliance on heavy institutional aid programs will force us to pay keen attention to controlling the expense side of our operating budget. Even if the result is a more homogeneous student population, we should require families to accept a larger share of the burden of financing higher education.

b. Increase our tuition closer to Urban University's level while allocating several million more dollars in institutional funds to financial aid.

This will allow us to increase our yield on scholars and middle income applicants who can pay a good fraction, but not all, of their expenses. We should have much more leverage to develop financial aid strategies within the Admissions Office. Such a major move could be implemented in steps and effectively grandfathered for many existing students by granting tuition remission at the same time as the tuition increases.

c. Place a greater emphasis within the present Development Campaign on endowed scholarships.

Given the modest amounts that could likely be raised in the near future, only a small fraction of our needs can be met from this source.

d. Begin a comprehensive Boston College Loan Program

If Boston College's competitors get into the lending business, we had better be prepared with our own program. Every conceivable option should be explored, including bank financing of the initial outlay, the use of our present endowment funds, and additional tuition to subsidize such a program at a specified level.

e. Reallocate existing financial aid and other institutional funds.

This is clearly the most formidable prospect of all and could not occur without the broadest participation of all segments of the Boston College community.

f. Adopt an Admit/Deny financial aid strategy analogous to Women's College.

The decision could be made to reduce the numbers of students receiving institutional aid and to reallocate virtually all existing funds to needy top students. This would signal a dramatic shift in academic policy at the University.

Each of these options has strong support within the Boston College community. At the beginning of 1982 a lively debate is already in progress and the outcome will not finally be determined for years to come.

7. THE ROLE OF THE STATE OF MASSACHUSETTS*

Massachusetts is the last state in the union to claim a majority enrollment in the independent sector of higher education (56%). As such, our state's average student costs (for public and private institutions combined) are undoubtedly the highest in the nation. 400,000 students expend approximately \$3 billion for an average in excess of \$7000 per student. And yet our state financial aid program is surprisingly weak, with only about one half of one percent of this total being returned to Massachusetts students (about \$16 million in 1981). Although Massachusetts was a national leader in the 1950's in appropriating scholarship aid for students—the third state to pass such legislation (1957), after New York and California—we have come to a virtual standstill in recent years as other states have moved beyond our funding level.

Table IV presents comparative enrollment and state scholarship data for Massachusetts and eight states in which our institutions compete most intensively for students. Given the historic commitment of the state of Massachusetts to independent higher education, it is perhaps understandable that our state ranks 48th in the nation in "appropriations per capita for higher education". The reliance on such a vast network of private schools to assist in the education of our citizenry should of course ease the burden on the public treasury. But it is also reasonable to assume that our state scholarship budget will rank at or very near the top. And yet we are only 16th, with \$2.81 per capita appropriated, while the national leader, New York, allocates over five times more per capita than Massachusetts. Ironically our sister state of Vermont ranks second nationally with an expenditure per capita in excess of ten dollars.

In Massachusetts 28,000 students received State Scholarship Grants averaging slightly over \$500 a piece this past year. On the other hand, in New York State 426,000 received grants averaging \$650. Massachusetts aided 7% of its student population, while New York aided 44%. Almost exactly 100,000 students applied for State Grants in Massachusetts, and although 90% had a need (after parental contributions, summer earnings and federal Basic Grants are taken into account), and 71% showed family contributions

*Many of the conclusions of this section were developed by the Massachusetts Enrollment and Financial Aid Study Committee, of which the author was privileged to be a member (MHEAC, April, 1981)

Table IV Comparative enrollment and state scholarship data for 9 states including Massachusetts

STATES	1970 Population U.S. Census	1979 Enrollment *			1979-80 Appropriations for Higher Education Per Capita (State Rank)	1979-80 State Scholarship Programs (undergraduate) **		
		Public	Private	Total		Appropriations Per Capita \$ (State Rank)	Value of Awards in Millions of Dollars	Number of Awards
Conn.	3,032,217	95,909	60,158	156,067	\$68 (42)	\$2.77 (17)	\$8.619	10,550
Ill.	11,113,976	464,879	148,037	612,916	\$78 (33)	\$6.63 (4)	74.497	76,296
Mass.	5,689,170	175,216	223,800	399,016	\$54 (48)	\$2.81 (16)	16.000	27,800
Mich.	8,875,083	439,693	64,146	503,839	\$88 (24)	\$3.30 (13)	30.192	32,689
N.J.	7,168,164	240,052	72,408	312,460	\$54 (47)	\$5.18 (7)	37.979	68,207
N.Y.	18,241,266	549,945	420,223	970,168	\$87 (25)	\$15.31 (1)	274.500	426,340
Ohio	10,652,017	362,723	100,825	463,548	\$62 (45)	\$2.89 (15)	30.916	66,000
Penn.	11,793,909	282,243	199,104	481,347	\$62 (44)	\$6.88 (3)	81.100	125,000
R.I.	949,723	33,737	30,698	64,435	\$76 (37)	\$4.50 (8)	4.218	5,776

* Chronicle of Higher Education, 10/79, 5/80 (Massachusetts data from Massachusetts Board of Higher Education)

** National Association of State Scholarship and Grant Programs, 1979-80, Joseph Boyd, Ill. State Scholarship Co

of \$1500 or less, fewer than 30% of all students were aided. It should also be underscored that the paucity of aid available probably is responsible for keeping the number of applications well below the actual number of needy Massachusetts students.

Partly as a result of the small size of our state grant program, students in Massachusetts, more than in most other states, have already turned to loans as a primary source of financing their educations. The Massachusetts Higher Education Assistance Corporation reports that in 1970 students had borrowed \$35 million in Guaranteed Loans, while ten years later this number jumped to \$254 million. Indeed, in recent years the doubling rate for GIL's has been every two years. The ratio of loans to State Scholarships in Massachusetts has reached the precarious level of 15-1, while in states like Vermont, Pennsylvania and New Jersey the proportion is 4-1; New York, predictably, leads with a 3-1 ratio.

These data should in no way be construed as an argument against pending legislation proposing a Massachusetts Loan Authority for higher education; however, the figures do admonish us to resist the idea that loans in Massachusetts will be the primary basis for the solution to our present financial aid problems.

How then should state policy be formulated to respond more adequately to the financial needs of Massachusetts students? Careful study must be made of the pricing dilemma confronting all state legislatures as they appropriate funds for higher education. Definitive research is, to date, not available to answer the question about appropriate public tuition levels to guarantee access, while allowing financial aid plow-back to aid the neediest of students. There is likely no simple, uniform answer to this question, and the tiered structure of tuitions for community colleges, state colleges, and flagship universities will likely be maintained. With our special dependence on the independent sector in Massachusetts, it behooves legislators to look carefully at available capacity in our private institutions as a partial solution for providing both access and choice in Massachusetts!

The debate on these thorny issues has continued for years and it is unlikely that they will be resolved soon, but in the interim enough information already exists to make a strong case for a much larger State Scholarship budget than the \$16 million we carry into the 1980's. A recent computer analysis of the cumulative need of the present State Scholarship applicant pool suggests that anywhere between \$80 million and \$190 million would be necessary to provide our students with a balanced financial aid package, including a large self-help component, and reasonable family contributions. Since this analysis was completed before the federal government initiated its latest round of budget cuts, it is likely that the range of needed money would be elevated to \$120 million to \$230 million. If the budget cuts in Washington do indeed presage a "new federalism", the state of Massachusetts should immediately increment its financial aid budget by a minimum of \$40 million. And if it is determined that our goal should be to achieve the gains made in New York State, then a \$80 million appropriation would be necessary.

In light of the 60% vote of the Massachusetts electorate in favor of Proposition 2½, it is problematic whether priorities are such that an increase in state taxes for higher education scholarships is really a viable solution. But the strongest possible case must be made, and a united front must be presented to the state legislature in support of increased state scholarships.

One of the major conclusions of the first Alden Seminar was that "the first task of higher education in Massachusetts is to achieve a credible educational presence with the legislature". It may be that the issue of State Scholarships can serve as a rallying point to enhance higher education's credibility and clout on Beacon Hill.

8. CONCLUSION

The speech of Doonesbury's misguided President has served as a leit-motiv for this analysis. The tragedy of our times in higher education is that those three independent, negative forces—declining birth rates, diminished student quality, and raging inflation—have been visited upon us together. A moment's reflection should convince us that this was simply a historical accident—that at the national level no two of these trends had to be positive or negative simultaneously.

Unfortunately as we track their effect on individual colleges and universities they become very much interconnected. The precipitous fall of birth rates surely will signal hard times ahead for schools which undertook ambitious expansion programs a decade ago and now rely on student tuition revenues to keep budgets in precarious balance. And as institutions strive mightily to maintain (or even expand) enrollments, a diminished pool of available prospects must necessarily dilute quality. Finally, both student quality and enrollments will be seriously impacted at many schools by dwindling financial aid resources (if indeed the government continues its present response to our overheated economy).

In this paper focus has been placed on the potential impact that altered patterns of financial aid could have on students and their families and on institutions of higher education (especially in the private sector). If our schools are to avoid the fate of that mythical college in the cartoon, if independent higher education is to serve more than a "privileged few", difficult choices must be made. Doonesbury's President makes it clear, albeit inadvertently, that strong leadership may, more than any other factor, make the difference.

EQUALITY AND THE FINANCE OF HIGHER EDUCATION:

A "POSSIBILIST" PERSPECTIVE*

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INTRODUCTION

This essay departs somewhat in format and style of thought from a typical exercise in "policy analysis," and a few words about the departure may be in order. While careful and preferably quantitative appraisal of specific policy alternatives is always welcome, it has perhaps most value in a context of broad agreement about the underlying objectives of policy. But the prevailing "liberal consensus" about social policy in higher education and elsewhere has come increasingly into question. The degree of disarray was well captured by Chester Finn (1981, p. 17) when he noted a random remark by President Reagan that he had directed the Secretary of Education to "look at the appropriate role of the federal government in education, if there is one, and to report back." (emphasis added)

In such an environment there is value in stepping back from preoccupation with particular policies to reflect a bit on the deeper commitments and judgments of social possibility that shape our view of the alternatives. Indeed, one unintended benefit of the "Reagan shock" may be precisely to encourage such deeper reflection within a community that has perhaps become somewhat ritualistic and complacent in evoking values like "equal opportunity" and "external benefits" to justify a wide range of governmental efforts.

This paper, then, attempts such a broader look at the idea of promoting social "equity" through the finance of higher education. Equity, usually in the form of "equality of opportunity," has always shared the stage with such other goals as economic growth and improved citizenship in discussions of higher education policy, but it has certainly been, as Finn argues in two influential recent essays (1980, 1981), at least one of the shaping goals of the "liberal consensus" about education. It is also the goal which is most directly challenged by the general movement against the welfare state, and by some of the developments in higher education policy that are either present or on the horizon.

The term "possibilist" in the title is borrowed by Albert Hirschman. It conveys the idea that the social scientist's role is only partly that of discovering laws, predicting the future, or calculating neat solutions to specific social problems. Another role is to preserve an awareness of the possibilities for change—often in unexpected ways—when we may be too quick to assume such possibilities are closed off. The purpose of such inquiry is not to identify the path of change society will or should follow, but, in Hirschman's words, "to sharpen the perception of available avenues toward change." (1971, p. 37)

EQUALITY OF OPPORTUNITY AND THE "JUST" SOCIETY

Much social policy over the last two decades, including a good deal of public policy toward higher education, is perhaps best understood in the light of a certain kind of ideal of the just society. This ideal has rarely been

fully articulated—certainly not in the give and take of political debate—and attempts by philosophers to provide a canonical formulation of the ideal have met with only limited success.¹ Still, a commitment to what might broadly be called "liberal equality" has been a shaping feature of political discourse in this country in recent decades.² Among the animating ideas of this conception of the just society is the notion that there is no essential or irremediable conflict between liberal values of human diversity and freedom, on the one hand, and the value of equality, rightly understood, on the other. Rather, the view is that only among a society of equals is the full realization of human liberty and diversity possible.

"Equality" on this understanding cannot of course mean a dead level of wealth and income, or equal allotments of all goods to every person, for that kind of equality would plainly mean a stifling of liberty and incentives and the destruction of diversity. Instead, the ideal is one of equal respect among citizens and equal opportunity in economic life, taking the latter in the sense suggested by John Gardner's question (1961, p. 137): "How can we provide opportunities and rewards for individuals of every degree of ability so that individuals at every level will realize their full potentialities, perform at their best and harbor no resentment toward any other level?"

This is a sense of equality of opportunity that incorporates but goes beyond the formal prohibition of legal barriers to the pursuit of careers.³ This enlarged sense of equal opportunity is spelled out in the following quotation from R. H. Tawney: "Except in a sense which is purely formal, equality of opportunity is not simply a matter of legal equality. Its existence depends, not merely on the absence of disabilities, but on the presence of abilities. It obtains in so far as, and only in so far as, each member of a community, whatever his birth, or occupation, or social position, possesses in fact, and not merely in form, equal chances of using to the full his natural endowments of physique, of character, and of intelligence." (Tawney, 1964, pp. 105-106) John Rawls's definition of "fair equality of opportunity" captures Tawney's ideal with more austerity and precision: "In all sectors of society there should be roughly equal prospects of culture and achievement for everyone similarly motivated and endowed. The expectations of those with the same abilities and aspirations should not be affected by their social class." (1971, p. 73) Such a conception of equality of opportunity is by no means a complete conception of a just society, or even of equality itself, but it is a central part and a part that pertains with special importance to education.⁴ It is the central value that concerns me in this paper.

Belief in the possibility of realizing, or at any rate approaching, this vision in our society underlay important aspects of the civil rights and women's movements, of Lyndon Johnson's War on Poverty, and, in particular, of state and federal programs to expand access to higher education. Nor was the commitment to an ambitious standard of equal opportunity a narrowly partisan

one. Republican Presidents as well as Democratic acknowledged the injustice of social arrangements that transmitted educational and income inequalities across generations: "Something is basically unequal about opportunity for higher education when a young person whose family earns more than \$15,000 a year is nine times more likely to attend college than a young person whose family earns less than \$3,000." (Richard Nixon, 1970)

Equalizing educational opportunity, is, from the standpoint of this view of equality, both an end in itself and a means to the end of equal economic opportunity. The latter, of course, follows from the fact that both the number of years a person attends school and the kind and quality of school he or she attends are important determinants of economic status. But education also provides access to the tools of democratic participation—the capacity for understanding and discussing public issues. And at the higher education level especially, the choice of whether and with whom to go to college matters in determining what sort of life one will lead and indeed what sort of person one will become.⁵ That these "democratic" and "associational" opportunities should be distributed fairly is a natural part of a view of liberal equality.

The programs and pressures of the last two decades have resulted in some real progress toward equal opportunity in higher education. Blacks and whites now graduate from high school and enroll in college in about equal proportions, and women now outnumber men in the college population. The nine to one attendance ratio for high and low income students cited by Nixon would probably now be more like three or four to one on a comparable basis.⁶ But also, as this figure itself suggests, the remaining inequalities are quite large. Most striking are differences in the types of institutions attended by different students, and in the likelihood of different groups to persist until graduation. For example, students with family incomes over \$50,000 per year make up over 20% of the student body at highly selective private universities; less than 5% of that at community colleges (CIRP, 1980). In 1978, more than a quarter of all white students were enrolled at universities, while less than 15% of blacks and Hispanics were. (NCES' 1980, p. 118) Among persons who graduated from high school in 1972, those from families of "high" socioeconomic status were more than five times as likely as those of "low" status to have earned a bachelors degree; low status students were more than four times more likely than high status students to have never attended college. (Morris, 1979, p. 167) Even after adjusting for differences in the "ability" of students from different social classes as measured at the time of high school graduation, there remain important differences in likelihood of attending college and in the sort of college attended. (See Carnegie Council, 1980, and Breneman and Nelson, 1981, chapter 3)

Proportionate representation of every sort of student in every sort of institution is of course not an end in itself, and not part of the ideal of "fair" equality of opportunity either. But the differences here are not innocent: they show a clear tendency for poor and minority students to wind up in less prestigious institutions, and disproportionately to drop out of those. The influence of race and class on persons' life expectations remains powerful.

The record, then, is mixed. An optimist might have hoped that our society would have been encouraged by the progress that has been made, or spurred on by the work yet to be done. Instead, the view has rather suddenly become widespread that the vision of a "just" society of fair equality of opportunity is beyond our reach. This view is held not merely in the rather mild form of believing that such a society could never be perfectly realized, but in the more disturbing sense that the very attempt to move toward this ideal of a just society is self-defeating; that our attempts at social intervention to promote justice only make things worse. The reaction takes its most violent form among writers like Irving Kristol, who recently defined a neoconservative as "a liberal who has been mugged by reality." (New York Times, Dec. 6, 1981) But many others who by no means share the ideology of the "New Right" feel a similar disillusionment. People have turned away from the pursuit of justice through public action not, or not only, out of a narrow-minded desire to pursue their own ends without regard for others, but because they really have come to doubt the effectiveness and desirability of those efforts.

There are, of course, some on the right who do not and never did share the vision of a just society that I briefly sketched above, even as an ideal, and who believe on grounds of principle that government should make no attempt to compensate for inherited inequalities, and should be limited strictly to guaranteeing the formal right to compete for positions of advantage. Possibly there are some on the left who see the withdrawal of support from the welfare state as a necessary prelude to the overthrow of capitalism. Members of either group may greet the present mood of disillusionment with relief or even pleasure, though for very different reasons.

For most of us, however, the blockages we seem to have encountered on the path to a more just society are a real disappointment. It is not that people have come to see the vision of a society of genuinely equal opportunity as somehow intrinsically unworthy, but rather that they have come to doubt the possibility of its attainment. But are these doubts really justified? Have the possible paths towards a more just society been so thoroughly explored that it makes sense to reject the whole project of promoting justice through social action as unworkable? Before jumping to such strong conclusions, it seems prudent to examine with some care the alleged "failures" of the welfare state, and the negative results that are supposed to have followed from the government's pursuit of equality in social policy. There are, I think, some lessons to be learned, but they are neither as sweeping nor as negative as those that some have wanted to draw.

SOURCES OF DISCONTENT WITH THE WELFARE STATE

It may be useful to review briefly several of the principal complaints that have been lodged of late against the welfare state and more specifically at the pursuit of equity through governmental action. It will be helpful to recall the evidence and experiences underlying these complaints and to explore a bit their relevance to higher education.

1. Poor and deteriorating quality of welfare state services. Public institutions, it is said, do not perform very well for their clients and, even worse, their performance is declining over time. This perception of governmental incompetence got a powerful push from the negative evaluations of the Great Society programs of the 1960s, like Headstart, job training, and compensatory education. By now it is clear that these early evaluations—pioneering efforts at systematic appraisal of social programs—were themselves seriously flawed. The actual results of the programs seem, like most human efforts, to have been a mixed bag: a few spectacular successes and failures and mostly middling results. Certainly (and again like most endeavors) the results fell short of their initiators' hopes, but, especially in light of the short period for learning and development allowed to many of these programs, they were far from an unmitigated disaster.⁷

Whatever the facts about the Great Society, the negative view of government capacities that began taking hold in the early 1970s has by now spread much wider, focusing perhaps especially on the public schools. There is considerable evidence of parental discontent with the schools, and some objective evidence of worsening student performance. (Adelson, 1981; Schultz, 1981, chapter 5) Exactly what the sources of the troubles are and how permanent they will prove to be are harder questions to answer. One common view is that bureaucratic rigidities and increasingly centralized control inevitably accompany the pursuit of "equity," so that (as long as that goal is pursued) the troubles are fundamental. Hirschman (1980), however, has pointed out that another source of declining quality may be the rapid expansion in numbers of students through the 1960s and much of the 1970s, accompanied by an expanded range of tasks the schools were asked to perform. It may take time for the schools to adjust to such demands. With the abatement of enrollment growth, and with at least the possibility of learning through experience about more decentralized and less rigid ways to promote equity goals, there is some chance that in the schools and perhaps elsewhere the welfare state will prove to be suffering from temporary "growing pains" rather than a deep "systemic crisis."

To the degree that there actually has been a decline in the quality of colleges and universities, it may well be due in good part to the sorts of transient factors Hirschman cites. The quantitative expansion of higher education has been immense, and much of it has been in new institutions, often trying new things, which may well have suffered from "growing pains" that retard their ability to improve. I must also confess to some doubt that the alleged decline in quality of college education has actually occurred, even at the risk of seeming complacent. Complaints about the alleged "hedonism" of today's students suggest a certain revisionist attitude toward the past, quickly dispelled by listening to alumni reminisce about their college days. More substantively, the stunning transformation of the "cow colleges" and "teachers' colleges" that made up much of public higher education in the 1950s into the much more varied and intellectually ambitious public institutions of today has hardly been untroubled, but it does not look to me like decline in any simple sense. Two factors may contribute to an exaggerated perception of decline. First, trouble in the high schools may bring students to college less well prepared, making the college's job somewhat harder than before. And second, over the last twenty years, lower "quality" schools by

conventional measures, like community colleges, have expanded more rapidly than "elite" schools, leading to a situation in which the average quality of colleges may decline without any college getting worse, and even without any student getting a worse education than he or she would have gotten twenty years ago. No doubt, colleges and universities are much worse than they ought to be; that is different from saying they are worse than they used to be.

A more convincing explanation for dissatisfaction with colleges than declining quality of instruction may be the difficulty college students have encountered recently in finding good jobs. The weak college labor market, however, seems pretty clearly to be that result of an increase in the supply of college graduates relative to the demand for their services, rather than a mark of deterioration in their competence and training. One might attribute part of this (perhaps temporary) imbalance to expanded access to college, but much of it is also the result of the general weakness of the economy and of the sheer size of the baby boom generation.

2. Declining Performance of the U.S. Economy. The dismal state of the American economy over the last decade is plain, no matter whether one looks at inflation or unemployment, growth, or international performance. The expanding welfare state supplies a ready explanation. The growth of income transfer programs and inefficient government bureaucracies, it is argued, damps economic incentives for both recipients and taxpayers, and thus limits the productivity of the economy. Elements on both left and right converge oddly in agreeing that the welfare state compromise leads to inevitable stagnation; the issue becomes whether to move toward socialist planning or to "unleash" the forces of the market.⁹

That the growth of the welfare state generates disincentives is undeniable, and that they have contributed to our present economic plight is likely. But to offer the growth of government as the sole explanation for economic decline is suspiciously simple. There is no clear correlation across developed countries between scope of government and performance of the economy. And there is no shortage of alternative and complementary explanations for the U.S. economy's troubles. These include the sharp rise in the price of oil; the excessively short-run orientation of American management; the secular decline in the world position of the U.S. as Europe and Japan have recovered from World War II; and so on.¹⁰ Nobody has any real idea of how to weigh the relative importance of these various causal factors, so to leap to assign to the welfare state the lion's share of the blame is quite dubious.

The influence of higher education spending on economic performance is particularly ambiguous. Colleges and universities contribute to economic performance through research and "training" of personnel. Even that part of overall government expenditure on higher education which goes to aid low income students can be defended in economic terms as an investment in "human capital."¹¹ It would not be easy to show that the disincentive effects of the taxes used to finance government spending on higher education outweigh the economic benefits that spending generates. One could of course argue that more single-minded devotion by educators to improving economic performance

could contribute to economic improvement in the future, but whatever the wisdom of that course, it is a quite different matter from explaining poor past performance.

3. Universal envy. A central theme in "neoconservative" writing is that once government becomes publicly committed to equality, a limitless flood of demands for equitable treatment will inundate it. There is no natural stopping point to these demands, and those who see an opportunity for advantage will not stop to weigh the philosophical merits before resorting to arguments based on fairness. Political struggle becomes increasingly virulent, and threatens to end in chaos. 12.

Some have been led by observing this scramble for advantage to a particularly dismal view of human nature. All we care about is how we stand relative to others. Hence any move that helps those below us in the status hierarchy unleashes both a backlash and a desire to "get ours": there can be no stable politics of equality.¹³ Others have stressed not human nature but the nature of the modern economy: as incomes grow, people's desires focus on goods that are by their nature limited in supply—prestigious jobs, beachfront property, uncrowded living. Only by protecting one's relative standing in society can he preserve the "position" he has in the queue for such goods. (Hirsch, 1978) "Equality of opportunity" is especially threatening from this standpoint, since it means precisely forgoing the ability to preserve one's social standing and transmit it to one's children.

Unlike the first two points, where higher education is a marginal case at best, it is a central example for the "politics of envy." Evidence about status anxiety in higher education ranges from anecdotes about pre-medical students sabotaging one another's experiments to the enormous resentment middle and upper-middle class parents have felt toward the financial aid awarded to students from poor families. This jealousy produced the Middle Income Student Assistance Act of 1978, which tilted the distribution of federal grant aid and loan subsidies powerfully toward families above the middle of the U.S. income distribution. More generally, battles over various forms of aid to education have displayed precisely the narrowly interest-based claims about equity that dismay so many observers of American politics. Lester Thurow (1975) has captured well the prevailing mood on campus in suggesting that many students now see higher education as a "defensive necessity," undertaken not with any hope of learning but simply and somewhat resentfully to prevent a deterioration in economic position.

This general view of politics and specifically of higher education explains a good deal about our recent experience, and points to real difficulties for advocates of greater equality, but it may be a mistake to read cosmic truths about either human nature or the nature of modern society from these developments. The pressures and anxieties surrounding higher education have at least in part resulted from special circumstances: the huge increase in supply of college-educated workers beginning in the late 1960s helped produce a sharp downturn in college wages and opportunities, and the persistently weak economy has slowed recovery of that market. (Freeman, 1976) These factors

can go a long way toward explaining anxiety and defensiveness among college students without invoking more "fundamental" causes. Moreover, it is a mistake to say that people always view with dismay relative progress by those above or below them in the status hierarchy. A counterexample is provided by Albert Hirschman's (1973) "tunnel effect," in which those in a line of cars trapped in a tunnel by a traffic jam are relieved to see the line beside them start up, bringing the promise that they too will soon be moving. Hope can, of course, turn to resentment if the other line continues to move while one's own stays stuck.

This example suggests that the process of moving toward greater equality of opportunity is likely to be hazardous and uneven, but not so politically hopeless as some have suggested. How people will react to moves toward expanded opportunity is likely to depend heavily on circumstances and timing. Further, and centrally, the difficulties encountered in moving toward a more equal society actually have little bearing on the viability of a society of genuine equality of opportunity, if it were once arrived at. Rather than assuming that "envy" and status anxiety are central features of human nature or automatic products of modern conditions, one might argue instead that highly unequal opportunities themselves provide strongly favorable conditions for the development of envy and defensiveness. There is in such conditions both a good deal to hang onto in the form of established privilege—as for example in the presumption that middle class children will have better educational prospects and so better careers than the children of the poor—and a great deal to lose, if in fact dropping down from a privileged position means a decisive lowering of one's children's life prospects. A lessening of these anxieties could in fact be a real advantage of a more equal society.¹⁴ As Thurow has argued (1975, chapter 2), there is no contradiction between a person fighting all out for advantage in a society of great inequality and recognizing at the same time that he would prefer to live in a society where the reward for, and hence the need to engage in, the struggle were much less.

4. Distortion and manipulation of social institutions. An increasingly familiar complaint is that the agenda of promoting the just society involves manipulating social institutions—especially schools—for alien purposes, and that too often proponents of greater justice wind up violating the basic procedural principles that ought to prevail in a just society in the name of promoting greater justice.

Finn puts the point effectively (1981, p. 60):

Our schools and colleges have been asked to do too much, pressed into service as agents of social and economic reform, willingly undertaken tasks for which they are inherently unqualified, allowed themselves to be enveloped by elite ideologies that clashed with the values of their customers and their communities and—inexorably—faltered in the performance of those essential tasks and functions for which they are specifically qualified and uniquely responsible.

At the end of this quote, Finn makes a pragmatic point: part of the reason for declining school quality is that the schools have been pulled in too many directions. But the point, and the special force that this objection carries, go well beyond that practical issue. There is a sense that schools have become a kind of dumping ground for problems that society is unwilling to face more directly. The strongest feelings on this issue probably attach to elementary and secondary education, and especially to the busing of school children, seen as a way of easing some people's racial consciences at the expense of the disruption of other people's schools and neighborhoods.

But the same concerns extend into higher education too. It is perhaps not easy to say what the "essential tasks" of higher education are, but few would doubt that in a properly organized society those essential tasks would not include teaching remedial reading to high school graduates. The responsibility for correcting such defects, some would say, lies elsewhere. There is a similar intuition sometimes voiced that "income redistribution" is not part of the mission of higher education. Pricing and aid policies should be set to achieve educational objectives—attracting able students, fostering educational quality and diversity, and the like. If there is something wrong with income distribution, fix it through the tax system and other economic institutions designed for that purpose, and let educators get on with their work. The larger sense at work here is that colleges and universities require for their work a large measure of autonomy from social regulation and immediate public concerns, and that this is threatened by the attempt to use these institutions as instruments for promoting justice.¹⁵

Affirmative action in hiring and admissions at universities provokes these reactions acutely. Embodied in any reasonable conception of equal opportunity and justice is the idea that people ought to be judged according to their qualifications in an open way. Granting preferences according to race or sex contradicts that notion of justice in the name of promoting justice. And enforcing such policies of preference may threaten valued aspects of university autonomy.

The force of this concern with distortion and manipulation is real enough, but can be readily exaggerated. There is a temptation to run together serious threats to educational purposes with relatively trivial complaints about paperwork, or to fail to distinguish direct interference with university decision-making—say, about which candidate to hire—from much milder requirements like expanding applicant pools or searching more diligently for minority candidates. Some of the urgency of the objection, I suspect, derives from things that "almost happened" in the late 1960s, but never quite did. Ideas like enforced randomized admissions and large scale remediation at elite universities, for example, threw quite a scare into people, but have never been implemented on an appreciable scale. And again, as with the previous point, these objectionable features of certain strategies for moving toward a just society cast no doubt on the workability of a just society once in place. Indeed, it seems quite clear that in a society of genuinely equal opportunity practices like busing for racial balance, affirmative action, and remedial reading for college students would disappear or at least be greatly reduced: they are there precisely to try to compensate for inequities and failures of our present society.

DRAWING LESSONS FROM THE "FAILURES" OF THE WELFARE STATE

Even this cursory review of discontents suggests that our recent experience with an expanded welfare state is, like most history, an appallingly complicated and messy affair. Plainly that experience has turned up quite real difficulties and disappointments, but the standard attack on the pursuit of equity and equality through public action is too much a broadside. It becomes hard to sustain the attack in any simple form once the criticisms are looked at in a little detail or examined in relation to particular social institutions like higher education. To draw simple and sweeping lessons from such a complicated reality is to commit what Albert Hirschman (1980) has dubbed in this context the "structuralist (or fundamentalist) fallacy." It is possible to read into declining quality of service, weakening economic performance, and political disarray evidence of fundamental limits which cannot be transcended. But it is also possible in each case to point out "non-fundamental" explanations which at least suggest the possibility of doing better in the future. Granting this, of course, does not imply complacency, since "doing better" may require learning from our mistakes and searching out new approaches to our problems, neither of which is easy or automatic.

It is especially important to stress that our recent experience does little to support the view that a society of substantially greater equality is inherently unworkable. Many of the difficulties we have encountered arose from a welfare state that was trying to do new things, that was straining to compensate for inherited inequalities, and that was pushing against ingrained patterns of privilege and inequality. None of these features would be present in a society that had achieved a large measure of equality of opportunity. Indeed, it might well be the case that the scope of the national government could be less in a society that had established such equality than in a society that was moving toward it. For many national programs have the purpose in part of trying to compensate for and overcome the effects of strong inequalities of opportunity that are passed on across generations. If these inequalities were attenuated, the need for compensatory programs and hence the scope of national government might be less. And in that measure the economic inefficiencies generated by taxes and transfers could be reduced as well.

This in turn suggests that the problems and difficulties reviewed above may usefully be viewed as peculiarly problems of transition from an unjust to a more just order. Accomplishing such change is bound to require a measure of experimentation with new ideas and ways of doing things and some shaking up of established habits and positions, and so to be a focus of strain and contention. Perhaps most important, compensating for past inequalities is likely to involve a good deal of "bending over backwards" for a period of time. As the phrase suggests, that is likely not to be a very comfortable position. To see these strains as ones of transition is not at all to trivialize or dismiss them. But it is to notice that when one encounters obstacles on the path toward a better situation, the right response may be not simply to give up, but either to push through or to look for another way around.

To think more clearly about the problems of transition to a just society, and about the role higher education policy might play in that transition, it is helpful first to be somewhat more explicit about what a just society, which had achieved genuine equality of opportunity, might look like. To work out an elaborate blueprint of such an ideal society may or may not be a worthwhile exercise, but in any event it is well beyond the scope of this paper.¹⁶ One crucial feature, however, seems quite clear: to provide fair equality of opportunity, a society would need to provide substantially more equality in the circumstances in which children are raised than ours does. There is substantial evidence that differences in the home environment, both prior to schooling and in conjunction with it, have very powerful influences on child development. To accept large inequalities in the quality of care and richness of environment families can provide at home, and then to attempt to compensate for those inequalities in the school system is just not possible. Or it is not possible, at any rate, unless, as Henry Aaron has said, "very much more were spent, and spent effectively, on the education of the disadvantaged groups...or if some educational techniques of demonstrated effectiveness were withheld from the majority of children." (1978, p. 97) That outcome is neither politically plausible nor (especially in the form of withholding resources from most children) compatible with our basic ideas about social justice and efficiency.

Granting—as I would—that a just society would want to preserve the family as the core of children's lives, it follows that real equality of opportunity requires a substantial measure of equalization in the material circumstances of families. Not, of course, complete equality but enough to ensure that differences in family background did not have a decisive influence on children's development and life prospects—as they rather plainly do in our society.¹⁷ Only if children start in reasonably equal circumstances can a social system that is open and impartial among groups produce results consistent with fair equality of opportunity.

What economic arrangements could sustain such a measure of equality over generations compatibly with freedom and a tolerable degree of economic efficiency? This is, to put it mildly, a controversial question. The essential problem, starting from a regime of reasonable equality, would be to prevent growing inequalities from developing over generations. Some would argue that this could only be done through either a very extensive welfare state or bureaucratic socialism, either of which raises serious problems for efficiency and freedom. There is another school of economic thought, however, which starts perhaps with John Stuart Mill, that argues that market institutions can be compatible with equality provided that several conditions are met. There are, briefly, that (1) ownership of productive property be widely distributed; (2) rates of return to "large savers" and "small savers" be equalized; (3) strong incentives exist for the dispersion of accumulated property at death; and (4) access to education be widely available. I cannot reproduce here the arguments for believing in the workability of such arrangements. I can, however, point to a respectable economic literature in support of that case, and reiterate that difficulties encountered in moving toward equality from a regime of substantial inequality have little bearing on the question whether a more equal regime, once in place, could sustain itself.¹⁸

The four criteria characterize what James Meade has called a "property-owning democracy." If they are indeed required to provide genuinely fair opportunity in a society based on private property, it is apparent that we have a long way to go. Indeed, in retrospect there was something naive about those who in the 1960s believed that educational reforms alone could produce a just society in fairly short order. That sort of naivete—always easier to diagnose after the fact—is not without value, since few things might ever be tried if people realized in advance how hard they are to accomplish fully.¹⁹ Still, facing up explicitly to the gap between ideal and reality does illuminate two important points.

First, it seems plain that a coherent strategy for promoting more equal opportunity cannot be limited to the schools, and certainly not to the colleges. More equality in opportunities for college requires more equality in the results of early schooling, and both would be supported by broader measures of social and economic reform that would help equalize family circumstances. Two obvious reforms implied by the list of criteria above would be reduction in the strong discrimination in our financial and tax systems against small savers and the provision of serious incentives to disperse property at the time of death.²⁰ Other inequitable provisions of our fiscal system, like the various benefits provided to homeowners and the variety of tax advantages for the wealthy, form a natural part of this agenda as well. Reforms of this kind might not readily be seen as linked to equal opportunity, but one advantage of this broader framework is to make the connection clear. Needless to say, the trend of present policies is strongly in the opposite direction.

Second, it is helpful to see measures to expand opportunity in the schools as playing a dual role in promoting a more just society. On the one hand, such measures aim to treat the present generation more fairly, by reducing the impact of family circumstances on present opportunities; on the other hand, by improving the prospects of the present generation, they aim to provide a more nearly equal starting point for future generations. In this way, they move closer to a time when special compensatory measures will no longer be needed. The clearest example of this sort of thing is affirmative action toward minorities and women, which aims to reduce the influence of past patterns of discrimination on the prospects of the present generation, but also aims to make that pattern of discrimination diminish over time, as it might not at all, or much more slowly, otherwise. The aim of reducing the influence of social class on people's prospects is similar, but more general.

It is illuminating as well to follow the affirmative action literature in distinguishing what I shall call "weak" and "strong" compensation. "Weak" affirmative action refers to measures to help disadvantaged groups by expanding applicant pools, searching harder for qualified minority candidates and the like; strong affirmative action goes beyond this to include an actual preference for candidates from the disadvantaged group in making the final decision. It is generally agreed that the difficult moral and political problems arise with strong affirmative actions.²¹ Analogously, we can define "weak compensation" for disadvantaged status in higher education as the attempt to equalize, or to

reduce the difference in, educational opportunity for those with comparable acquired ability and motivation. This involves essentially helping to overcome financial barriers to higher education for members of disadvantaged groups. "Strong" compensation establishes an actual preference for disadvantaged groups in, for example, admissions or in the level of effort or resources expended on their college education. This latter step involves attempting to compensate for differences in ability and motivation between more and less advantaged groups that are due to differences in home environment, early schooling and so on.

Most current policies, with the exception of some explicit affirmative action policies, fall under the category of "weak" compensation, and indeed continue to fall far short of providing equal opportunity for those of equal motivation and ability. Such policies are, I think pretty clearly justifiable, at least to anyone who acknowledges "fair" equal opportunity as a reasonable standard. It would certainly be hard to sympathize with the complaint of a wealthy student who had been denied admission to some program in favor of an equally or more able student who became able to attend through financial aid. There are more serious objections to strong compensation, just as to policies of explicit racial preference. Such policies are likely to produce resentment from particular individuals who feel "discriminated against" when denied admission to a program, or when less able students are given special attention. And it is programs of this kind that particularly elicit the sense that schools are being manipulated for extraneous purposes. Furthermore, it is doubtful that we know how to spend resources very effectively to compensate at such a late point for deficiencies in earlier environment and education. There may be a good case for devoting time and energy instead to improving the prospects of the next generation more directly. There are, then, real costs and objections to "strong compensation."

Such programs may on balance be justified—as I think well-designed programs of strong affirmative action for blacks are—but even they are likely to be divisive and politically dangerous. To produce real equality in short order through strong compensation at the college level, if it could be done at all, could be done only through vast expenditure and massive disruption of the other legitimate purposes of colleges and universities.

These considerations underline the importance of pursuing policies of equalization outside higher education as well as within. Programs of weak compensation alone, even if prosecuted with more vigor than they have been so far, would not produce a society of fully equal opportunity for a long time, if ever. If education is seen as the only avenue to promote equality, there will quite understandably be pressure to move from weak to strong compensation, and even the sense of that pressure, without the fact of the program, can produce a backlash and disaffection from the goal of equal opportunity. Something like this has, I think, gone on in the last decade. The schools and colleges are in a double bind: looked to as the major avenue for providing equal opportunity, but unable by themselves to provide it, they're damned if they do and damned if they don't.

HIGHER EDUCATION IN THE TRANSITION TO A JUST SOCIETY

Exaggerated claims for the capacity of reform in the provision of higher education to produce equal opportunity in short order ought, then, to be rejected, in part because they may themselves contribute to disappointment and to reaction against the goal of equality. Much of the responsibility for promoting more equal opportunity must be assigned to other social institutions. Does it follow from this that what we do in higher education doesn't matter for equality, that education in an unequal society will always be a mere reflection of the deeper underlying causes of inequality? Leftists who argue this way point to the fact that higher education in America (and most other countries) has historically been in good measure the preserve of a privileged minority, selected in important degree on the basis of wealth and social status. This is supported by the variety of studies showing the strong influence of social background on educational attainment (Jencks, 1972, 1979) and particularly starkly by the comparative educational attainments of the black and white populations. In 1978, for example, the percentage of blacks over 25 with college degrees was less than half that of the population over 25 as a whole (7% versus 15%; U.S. Department of Commerce, 1979).

That education has played the role historically of transmitting inequality across generations seems clear, and that this role will be perpetuated into the future clearly could happen—and in fact is made more likely by the current trend of policy. An alternative future could result, however, if higher education played a role as one participating social institution in a broader strategy of progressive equalization over generations.²² Perhaps the best way of understanding this more hopeful possibility is provided by the sort of grand historical perspective suggested by Howard Bowen (1977). Bowen invites us to view the past and future of American education in three states (see Table 1). In the first, "frontier," stage, corresponding roughly to the nineteenth century, educational attainments were reasonably equal across the population because nobody had very much. During the second stage, which Bowen dates roughly from 1920 to 2000, education becomes more widely available in each succeeding generation but, paradoxically, differences in educational attainment in the adult population expand. This is partly a result of differences between the attainments of younger and older generations; partly of differences between less educated immigrants and more educated natives; and importantly the result of inequalities in the opportunity for education among different groups of young people. In the third stage, which we are slowly approaching in Bowen's hopeful view, attainments will again become much more equal, as larger and larger fractions of the population will have gotten through high school and into college. One might worry that this trend will be offset by a relatively privileged group continuing on to seek advanced degrees, but this tendency will be blocked, he thinks, by diminishing returns to such education.

Bowen thus provides a plausible picture of declining inequality in years of schooling, but more is required to ensure that equal opportunity in economic life will follow. For it might happen that the remaining differences in years of schooling (say as between those with some college and college graduates) or in the sort of school attended (say community college vs. four year college) could grow in importance in determining economic opportunities, and leave the

Table 1.

Percentage distributions of the adult population
by years of formal education, 1825-2025

	<u>Grade School</u>			<u>High School</u>		<u>College</u>		<u>Total</u>
	<u>0-4</u>	<u>5-7</u>	<u>8</u>	<u>9-11</u>	<u>12</u>	<u>13-15</u>	<u>16 or more</u>	
Stage I (1825-hypothetical)	80	10	5	3	1	0.5	0.5	100
Stage II (1975)	4	7	10	16	36	12	14	100
Stage III (2025 or later-hypothetical)	0	1	2	7	30	25	35	100

Source: Bowen (1977), p. 339

degree of social stratification as great as before. This is the fear expressed by radical critics who characterize the community college in particular as providing "that peculiar combination of technical competence and social acquiescence required in the skilled but powerless upper-middle positions in the occupational hierarchy of the corporate capitalist economy." (Bowles and Gintis, 1976, p. 212) Talk about the "cooling out" function of community colleges (Clark, 1960)—the idea that their role is gently to disabuse people of unrealistic aspirations for their future—only reinforces such fears—and not without justification.

Bowen however argues that this "reproduction of stratification" is not a necessary result. It is possible instead to see the sharp differentiation in the kinds of programs currently offered to different groups of students as in part a response to the widely different needs and preparation they bring to college. Successive generations will start from a stronger and more equal base and differences can be progressively narrowed. "One of the main tasks of higher education (in Stage 2) is to induct many first generation students into the secondary and higher education systems and thus into the mainstream of American society. As this process goes on, differences in the educational attainment of the population will be narrowed. Future generations of students will become gradually less diverse, and educational programs can become correspondingly less varied. It is of the utmost importance for educational policy that the present system of higher education be recognized as a transitional one, and not a final form designed for a society in which educational levels will be higher on the average and more equal." (Bowen, 1977, p. 354)

Bowen's happy vision of a progressively more equal distribution of education and opportunity is only a possibility, one that by no means follows automatically from the workings of our economy and educational system. For things to work out as Bowen would wish a number of forces both within and outside higher education will need to work together constructively. To name several is to suggest in the broadest terms what an agenda for promoting equal opportunity might include.

- 1) Educational opportunities for disadvantaged groups, in the limited sense of access to some form of higher education, need to be maintained and expanded.
- 2) The quality and character of the college experiences offered to members of disadvantaged groups must be such as both to meet their present needs and capacities and to lay the groundwork for higher aspirations and attainments for their children. This is a subtle problem: the challenge is to address differing student "needs" which are in part a product of existing social inequalities in ways that work to ameliorate rather than to perpetuate those inequalities. Neither "cooling out" people's unrealistic ambitions, nor slotting them into whatever jobs are available looks particularly attractive from this point of view.
- 3) The effectiveness of elementary and secondary education in preparing students for successful college experiences needs to be extended and improved.
- 4) The labor market has to respond to growing educational levels in the population by expanding the availability of "college level jobs" and by reducing

wage differentials between "college" and "non-college" jobs rather than by simply increasing the degree of stratification among jobs employing college level workers. The former line of development is supposed to emerge naturally on a human capital view of the labor market, as the increasing supply of college level skills reduces the premium they can command. But there is substantial evidence that there are real institutional impediments to this adjustment process, which may require conscious intervention to overcome.²³

There are at best minimal requirements for developments in education and the labor market to move society significantly toward real equality of opportunity over the next several generations. To have their full effect, these reforms would need to be accompanied by movements toward greater equity in the financial and tax systems like those discussed earlier. The necessary reforms are by no means entirely within the capacity of higher education to accomplish, but it is also apparent that higher education plays a non-trivial role in their achievement.

This is a rather modest agenda, as social agendas go. Even its vigorous prosecution would fall rather far short of Utopia. None of its elements is in any obvious way beyond the economic and technical capacities of our society, although I would not want to claim that it is entirely clear how to accomplish the second and fourth points. The main point of developing such an agenda, in any event, is not to lay out a blueprint for social change, but to illustrate more concretely the point that the possibility of change in the direction of a more just and equal society is open to us, and not ruled out by the "failure" of the welfare state. One might add as well, in response to a certain sort of radical critique, that such movement need not presuppose a radical reorganization of social life before it can begin.²⁴

SPECIFIC POLICY ISSUES

Although my aim is not to develop a detailed set of policy proposals, the perspective outlined here does provide a way of orienting oneself toward some of the issues currently confronting policy makers in American higher education. The following brief remarks identify several of the important current problems and opportunities related to the finance of higher education that have a special bearing on equality of opportunity. It is hardly necessary to say that these remarks aim to be suggestive rather than definitive on these questions.

1. The Federal Role. The federal role in financing student costs in higher education grew enormously following the Education Amendments of 1972, adding up in 1979 to a student assistance budget of almost 7 billion dollars. The explosion in federal student aid funds, and especially the program of Basic Educational Opportunity Grants (now called Pell grants) almost certainly played a major role in accounting for the progress we have made in expanding educational opportunity in the past decade. These programs are by now terribly important to lower income and disadvantaged students. In 1979-80, for example, dependent students from families with incomes below \$18,000 per year who attended public colleges received more than half of their total support from federal student

aid programs (Breneman and Nelson, 1981, p. 149) . In the mid-1970s basic grants paid less than 6% of the cost of the white students' college education but 30% of that of blacks (Morris, 1979, p. 122).

These programs are now under substantial threat from the Reagan Administration. Their future is a central item on any agenda for achieving equal opportunity in American higher education. Even before the Reagan administration took office, the evolution of federal support for students had put lower income groups in a kind of cross-fire. Much of the expansion in the student aid budget, especially following passage of the Middle Income Student Assistance Act in 1978, took the form of expansion in loan subsidies and in "campus-based" aid programs such as College Work Study and Supplemental Educational Opportunity Grants, both of which tend disproportionately to benefit the more affluent aid recipients, as well as extension of eligibility for the BEOG program to higher income groups. At the same time, inflation and rising college costs were eroding the value of the basic grants that were made. The net result was that the inflation-adjusted value of the grants available to poorer students fell even as the overall student aid budget ballooned: the maximum grant level for 1981-82 will be worth less than two-thirds as much as the level of 1973-74, when the program was instituted.

Thus, one can acknowledge the need to bring the size of the Federal student aid budget under control, while worrying very much about how that will be accomplished. The desirable route from the standpoint of equal opportunity is to cut back on loan subsidies and to tighten eligibility for grants and award calculations to restrict their availability to higher income students. At the same time, however, award levels to lower income students should not be reduced, and indeed should be raised at least to make up for the effect inflation has had on their value.

Two particularly bad ideas may find support in the present political climate. The first is that of replacing need-based federal aid with tuition tax credits for college. To do this would be simply to abandon the goal of using federal resources to promote equal opportunity in higher education while promoting a wasteful and highly inequitable alternative. As David Breneman (1981) has argued persuasively, whatever the merits of tax credits for elementary and secondary education, there is no case for them at higher education levels. Indeed, the danger that a tax credit bill aimed mainly at elementary-secondary education will be carelessly extended to colleges and universities reflects a disturbing tendency in much current writing to lump together issues about these very different segments of education.

The other bad idea would be to try, under the banner of the "New Federalism," to transfer federal student aid functions to the states. The standard arguments for such devolution of powers are that state governments may be more responsive to local needs and that they may be able to administer the program more efficiently. In many areas of government these arguments have force, but student aid does not seem to be one. The commitment to equal opportunity is a national one, and the federal government is in the best position to mobilize the resources for it. Moreover, given the high levels of

student mobility across state lines and the fact that both the basic grant and loan programs are minimally intrusive on the internal affairs of the institutions involved, the arguments for state administrative efficiency and knowledge of local conditions have little merit in this case.

2. Renewed stress on "quality" and on "economic payoff" in evaluating educational expenditures. It is commonly accepted that the 1980s will be a period of renewed concern for the "quality" of education at all levels and also that the "accountability" of all social institutions, in terms of their contribution to the nation's economic well-being, will be increased. These two notions are readily linked via the familiar suggestion that "quality" should be measured in terms of economic results. Both educational quality and economic performance are proper social concerns, but, if they are understood and linked together in the wrong way, the results could seriously undermine the project of promoting a more just society.

It is easy to see how these ideas could be used to withdraw resources from disadvantaged students and the institutions that serve them. If the economy will supply students from low income groups with jobs that require at best only a narrow vocational training, it is easy to decide that such training, or nothing at all, is the only kind of education they "need," and hence to conclude that it is a waste to spend much on such "low quality" students and institutions. The tremendous potential for this kind of reasoning to become a self-fulfilling prophecy should be clear. The effect of following this course could easily be to short-circuit the process of cross-generational equalization that Bowen has sketched out, perpetuating instead a class of persons who "fit in" to the economy at a fairly low level and expect the same for their children.

To say this is not at all to imply that every student needs or wants a full-blown classical education, nor that endless efforts to "remediate" an uninterested student are worthwhile. It does, however, imply two important points about the issue of educational "quality." First, the quality of education should be judged by the overall contribution it makes to the student's development as a worker, citizen and human being, not merely to his economic value. As Boyer and Hechinger (1981) have recently reminded us, it is important in a democratic society that everyone develop the capacity to understand and have views on public issues; increasingly, the complexity of modern life implies that those capacities need development beyond high school. Second, the quality of education should be judged by what it adds to a student's capacities when he or she arrives at college, not merely—as it is too easy to do—by the quality of students when they leave, which may depend more on what they were like when they arrived than on what they learn in college. Chester Finn, a prominent proponent of the stress on "quality," has argued that "failure is not evidence of victimization; it is a summons to try harder." (1981, p. 62) But often enough it is both.

To warn against easy slogans about "quality" that may undercut the claims of disadvantaged groups is also not to produce a good solution to the very difficult problems of treating this population fairly. It may be helpful

in opening up that issue to distinguish two sub-groups within that population: (1) those who, despite economic or other disadvantage, arrive at college age with preparation, motivation and capacities comparable to those of the rest of the college population; and (2) those from economically disadvantaged groups who reach college age with weaker preparation, motivation or less developed capacities.

It seems clear that for the first group the aim should be to prevent their economic disadvantage from translating into an educational disadvantage—a straightforward matter of what I called above "weak" compensation. A problem with our present arrangements is that these students are disproportionately likely to be forced by economic necessity into the same institutions with group 2—in many states these are the community colleges—and therefore not to receive an education fully adapted to their needs. There is considerable evidence, for example, that among students with equal capacities who enter college with the aim of getting a bachelor's degree, those who begin at a community college are significantly less likely to achieve their goal. (Breneman and Nelson, 1981) The obvious way to deal with the problem is to recognize that providing "access" to college for this group is not enough; we should aim to make available to them a college experience that will make their opportunities more nearly equal to those of more affluent students with comparable qualifications.

In principle this might be done either by strengthening the traditional college transfer programs at community colleges, or by broadening the choice of colleges available to academically qualified but economically disadvantaged students. But there seem to be real obstacles to the first approach while some community colleges have had success with performing the "comprehensive" mission of serving vocational-technical, non-credit, and "transfer" students, it is hard for a single institution to serve such very different needs and clienteles. There is also some reason to think that students get a real educational benefit from going to college away from home—an opportunity community colleges rarely afford. The very fact that community colleges so closely mirror the values of their community may limit the out-of-classroom education they provide.²⁶ The alternative of expanding choice for these students involves providing aid sufficient to allow them to attend college away from home, to attend the generally more expensive public universities in their home state, or to cover some of the added costs of attending a private institution. Even if federal funding for students aid were restored as discussed above, this would require a larger state effort on student aid than now exists in most states. This is further discussed in (3) below.

To the degree that choice is expanded for "group 1" students, it would become even more the case than it is now that community colleges and perhaps other "open access" institutions would serve a population that is either unqualified for or uninterested in "traditional" college education. In a more equal society, this would be fine: such people would presumably be found at all income levels, and they could hope to find a reasonably satisfactory career compatible with the aspirations, interests, and capacities they do have. But in our society these students will turn out to be disproportionately poor and black, and their life prospects are likely to be substantially impaired by missing out on a traditional college education. Viewed in this light, even a "strong compensationist" desire to make up for past disadvantage through strenuous efforts at remediation at the college level becomes understandable, and—to the degree that we know how to spend resources for this purpose

effectively—justifiable. (In fact, however, it seems doubtful that the effort and resources expended on these students either is or is likely to be larger than what affluent families are able to spend on children with educational disadvantages.)

Even from a "strong compensationist" viewpoint, it seems unlikely that remedial efforts for this group should typically take the form of intensive efforts to qualify them for traditional college work. In most cases, that seems unlikely either to conform to the students' needs and aspirations or to be a realistic goal—though one would hope such avenues are kept open to those who seek and can travel them. Emphasis on vocational-technical education seems generally to make sense. But, in terms of the longer run goal of promoting a more just society, it is important that colleges providing vocational-technical training not neglect the elements of a proper civic and general education. It is very important not to treat people as second-class citizens simply because of the kind of work they are preparing for, and to presume they lack a need for culture and political knowledge.²⁷ I do not want to understate the difficulties of accomplishing this task with students who are neither well prepared nor well motivated for traditional academic work, but it is essential in a democratic society, and crucial if our goal is to promote a more equal society over generations.

3. State level financing. The discussion in the preceding section points toward two goals for higher education finance in the promotion of more equal opportunity:

(1) provision of adequate financial aid to expand the range of "choice" of institutions available to lower income students who are qualified to attend;*

(2) more specialization of community colleges and other open access institutions on the needs of educationally disadvantaged students, with however real attention to providing the elements of civic and general education to them.

*There is plainly room for a good deal of debate about the exact form such aid should take, and about which students are most in need. Standard "need" calculations suggest that it is lower-middle income students who have the most "remaining need" after current aid programs are taken into account, but this may result from understating the need for very low income students to provide more of their own support and even to provide some of their term time or summer earnings to their families. Regarding support for students at public versus private institutions, it is certainly reasonable to see students who choose private institutions as having a greater need for government aid, but not to the full extent of the difference between public and private tuition. Private institutions should expect to make up some of the tuition differential for needy students from their own aid funds.

Neither of these is likely to come cheap; the Federal government is unlikely to provide full support. Can the states afford them?

In principle, at least, it might be possible to move in this direction, even with limited state budgets, but probably only through the politically unpalatable maneuver of raising tuitions in public higher education. A large proportion of states' expenditures on higher education goes to cover that part of the operating costs of public institutions that is not covered by the relatively low tuition that is charged. It has become a familiar economist's chestnut that the revenue raised from higher tuition could finance a program of portable income- or need- tested aid to students that would leave lower income students in a better position than they are now, and perhaps improve efficiency as well. Breneman and Nelson have recently suggested that it might actually be possible to eliminate the differences in college attendance rates for students of equal ability from different social classes with such a financing change. At least as important, the revenues raised in this way could make it possible for qualified lower income students to attend colleges other than the cheapest campus in commuting distance and to improve the offerings for disadvantaged students at open access institutions.

Proposals like this can be readily discredited as politically naive on two grounds: first, that they ignore the possibility that the real political outcome may be higher tuition and lower taxes rather than higher tuition and more aid; and, second, that this is precisely the kind of proposal that will unleash a middle-class backlash against equality of the sort noted much earlier in this paper. These are real difficulties, and I don't know any easy way around them. Two observations, however, may be worth making.

First, it is interesting to note that this tangle is itself in part the product of our unequal society. Even in a society of genuinely equal opportunity there would undoubtedly be contention about the best way to finance education, and there would perhaps still be need for some income-tested aid to maintain equal opportunity over generations. But the sharp differences in opportunity that exist among groups in our society would be much reduced and the intensity of the competition for limited public dollars to finance such opportunities might be correspondingly eased. The distastefulness of means tests might in those circumstances provide enough reason to avoid income-tested aid altogether in favor of general reliance on subsidized tuition to finance higher education. Unfortunately, while this provides a reason for wanting to get to such a more equal society, it does not in itself suggest a way around the present difficulty. As things stand, public funds are limited, and differences in opportunity are sharp. There is a real attraction in using more of the available funds to reduce those inequalities, and less to subsidize the education of affluent students. But the political barriers remain.

The second point is somewhat more hopeful. As Breneman and Nelson (1981) have recently noted, the expansion in basic grants provided for in the Education Amendments of 1980, were it to be implemented, would have made a higher/tuition higher aid strategy considerably more palatable for the states, since a fair

amount of the higher tuition would have been automatically covered for low and middle income students by federal grant aid to the students concerned. If the states used only a part of the higher tuition revenues to further subsidize costs for the neediest students, a substantial move toward equal opportunity could have been made without doing too much harm to the position of the aggrieved middle class. There would further have been the advantage, from the states' point of view, of shifting more of the burden of financing higher education to the federal government. This opportunity may have been lost, at least for the moment, with the Reagan revisions of that amendment. But if more substantial funding of aid does resume, perhaps along the lines sketched above, there may again be an opening of this kind. If federal grant aid in a reformed system were more heavily tilted than it has been recently toward lower income students (as I think should be done), then state aid might be spread more evenly over lower and middle class students. That outcome would promote more equal opportunity overall than present arrangements and is perhaps more consistent with the requirements of state politics than strongly lower-income oriented state programs would be.

4. Excess enrollment capacity. The prospect of declining enrollments and hence the emergence of excess capacity in colleges and universities in many states, especially in the Northeast, is a central worry for higher education these days. The resulting competition for students might appear favorable to the promotion of equal opportunity, but that is in fact not so clear.

On the side of private higher education, perhaps the principal danger is that the agreement among private colleges and universities to award their own aid funds on the basis of financial need will break down. The presence of such income-tested aid at private institutions is an important factor increasing access to private higher education for lower income students (and a useful arrangement for the colleges as well, since it allows them to concentrate aid funds on those students who are more likely to be influenced in their enrollment decisions by aid awards). The danger is that competitive pressure will encourage colleges to use aid as means of cutting the price selectively for students they especially want to attract as a recruiting device. This is already a developing trend, as in Emory University's decision to devote 20% of its huge gift from the Coca-Cola heirs to "merit" scholarships. This could work well for any one college individually, but when they all go after one another, the net effect may be to dissipate the aid funds in fruitless competition, leaving needy students—and the colleges—worse off than before.²⁸

On the side of public higher education, the greatest danger may lie in the political impulse to avoid campus closings and to "share the pain" equally by trying to spread budget and enrollment cuts equally among institutions and programs. The same political impulse may extend to the use of public funds in attempts to keep private campuses from closing. There will also be a tendency for any notion of a division of labor among different parts of the state higher education system to break down, as each campus tries to recruit every student it can find. Should things develop in this way, the net effect will be to reduce the quality of public higher education and probably lead it to serve each of its clienteles less well, and to dissipate public funds in rescue attempts

for private institutions. Since economically and educationally disadvantaged students are among the important clienteles of public higher education, such an outcome would tend to undermine equal opportunity.

These two problems have much in common, and they present a genuine dilemma. I see no way of addressing them in either the public or private sectors without some means of meaningful coordination among institutions, both within and between states. On the other hand it is hard to imagine effective coordinating bodies that would not promote an undesirable centralization of power in higher education, and that would not themselves be subject to undesirable political pressures.

CONCLUSION

I have tried then to argue in a general way that the goal of promoting a just society of genuinely equal opportunity is one that we need not and should not put aside, to suggest broadly where the finance of higher education might fit in a long term strategy for promoting that goal, and to point to a few specific problems and opportunities that we face right now in higher education in trying to promote that goal. I hope it is obvious from what I have said that embracing the goal of equality understood in this way does not imply a mindless desire to maximize the power of a centralized state or to achieve a numerical balance in every activity and institution that affects people's lives.

But I hope it is also apparent that a commitment to equality involves more than simply urging a few minor improvements in educational arrangements and otherwise accepting the status quo. There are limits to what reform in higher education, or any other one social institution, can do to promote justice in any short period of time, compatibly with its other legitimate purposes. Still, the distance that separates us from a society of genuine equality and justice remains vast, and there is need for reform in our basic economic and social institutions, and not only or even mainly in schools and colleges. Everyone has a moral obligation to promote a more just society. But since educators are all too readily blamed for inequalities and other social failings that are not, at base, their fault, they have as well a sort of professional interest in promoting these larger reforms.

NOTES

*The research underlying this paper was supported in part by a grant from the Ford Foundation

1. The best known and most influential recent attempt is John Rawls (1971). See also Ackerman (1980) and Dworkin (1977).
2. A clear statement of this view of liberalism is Ronald Dworkin's essay "Liberalism," (1980). For an extended historical and philosophical treatment see Amy Gutmann, Liberal Equality (1981).
3. For a "libertarian" conception of justice that is explicitly limited to such a formal prohibition see Hayek (1960). The views of Nozick (1974) and Friedman (1962) are similar in this respect.
4. Rawls' theory involves a sustained attempt to put this value in context. For further discussion of both the value and limits of "fair equality of opportunity" as a social principle, see Schaar (1967), Walzer (1973), and Williams (1962).
5. See Gutmann (1980), especially p. 14.
6. This is a rough estimate based on the general narrowing of differences in attendance patterns for students from different social backgrounds.
7. A remarkably thoughtful review of the role of social scientists in evaluating the Great Society is Aaron (1978). Other studies supporting the "mixed results" verdict are Levitan and Taggart (1976) and Ginzberg and Solow (1974).
8. See Freeman (1976, 1981), and Smith and Welch (1978).
9. For left views, see for example, James O'Connor (1973); on the right, samples are Gilder (1980), Friedman (1980).
10. For a good general discussion, see Thurow (1980).
11. See McPherson (1981) for a survey of relevant literature.
12. These are familiar neoconservative concerns. For a recent statement, see Usher (1981). A critical overview is Steinfels (1979).
13. An especially pessimistic view, surprisingly from someone generally viewed as a left-liberal, is Thurow (1972).
14. More equal opportunity is at best a necessary and not a sufficient condition for a reduction in social contentiousness. The larger requirement is a culture that reduces the linkage between self- and social-esteem and material success and that respects individual differences in goals and interests. See the discussion in Rawls (1971) and John Schaar (1967).

15. A valuable and carefully qualified defense of university autonomy is Gutmann (1980).
16. The most serious attempt to develop such a detailed model in the tradition of liberal equality is John Rawls's A Theory of Justice (1971). Part III includes a careful and illuminating discussion of the political-economic arrangements of his version of the just society. Rawls's economic discussion relies heavily on James Meade's valuable work of 1964, Efficiency, Equality and the Ownership of Property. See also Meade, The Just Economy (1975).
17. See also Johnson (1972). One could add to this a political point: wide differences in economic condition are readily translated into differences in political power, and it is very likely that parents will use their political influence, if they can, to gain differential advantage for their children. The response to this, in a just society, must be partly to have a political framework which guards against this tendency, but also partly to keep economic inequalities within manageable bounds.
18. See especially the works by Meade and Rawls cited above. See also Lester Thurow (1975) and Arthur Okun (1971).
19. This, too, is an important theme in Hirschman's writing. See especially (1967).
20. On both points see Meade (1964, 1975) and Thurow (1975). It may be worth mentioning that the more desirable way to encourage dispersion of property is not higher estate taxes (which tend to transfer the property to the state) but progressive taxes on the receipt of gifts, which encourage the wide dispersion of gifts by the giver. This sort of proposal has been long favored by prominent economists like J.S. Mill (1848; Book 2, chapter 2) and Knut Wicksell (1896), on grounds both of efficiency and fairness.
21. The "weak"/"strong" distinction is explicit in Nagel (1981). For general philosophical discussion see Cohen, et al (1978), Goldman (1980).
22. The proper development of this analysis requires an adequate dynamic theory of the determinants of inequality in a market society, which doesn't exist. Research on this problem has long been dormant in economics, but it is now an active area of research. See, for example, Tones (1981) and the references therein. The analysis by Bowen relied on in the text ought to be taken as a plausible vision, rather than a well-confirmed empirical model.
23. See Lester Thurow (1975), Meade (1964, 1975) for partly complementary and partly competing views of the labor market and prospects for this kind of evolution.

24. Bowles and Gintis (1976) seem at times to adopt the view that meaningful change in the direction of equality cannot occur within capitalism, although they do not seem to hold that view consistently.
25. Compare Sloan Commission, 1980, p. 137. The so-called "half-of-cost" provision in the Pell grant program limits Pell awards to half the cost of attendance and this bears especially heavily on the poorest students at the lowest cost institutions. It is important that the plan laid out in the Education Amendments of 1980 to ease this requirement be maintained.
26. See the very thoughtful discussion in Breneman and Nelson (1981). On the issue of residential and commuter colleges, see also Jencks and Riesman (1968).
27. The importance of this principle for a democratic society is well articulated in Dewey (1916) and especially in Tawney (1964).
28. For further discussion, see Deitch (1981) and McPherson (1981).

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